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NEWS SUMMARY

BUSINESS
Equities up 4.2; Gold puts on \$4
● EQUITIES put on 4.2% by noon, after the previous two weeks' falls, but some of the gains were wiped out by a sharp fall in the FT index closed at 188.4.
● GLITS were subject to similar sentiment, and long closed unchanged, while shorts made gains of 1.6. The Government Securities Index closed 0.01 up at 75.61.
● STERLING fell 20 points to \$1.8030, its trade-weighted depreciation rising to 62.4 (62.3). The dollar was 170.70 per cent. (1.58).
● GOLD rose \$4 to \$166.1.
● WALL STREET was 7.10 up at 817.13 just before the close.
● RETAIL SALES fell in September from the high August figure. Spending over the first nine months of this year is 1.5 per cent below the 1976 average.
● SIMON-CARLEY of Stockport is to supply 275m. worth of rubber processing plant to the Soviet Union, in one of the biggest trading deals since the Chancellor's ruling in 1976.
● SWAN HUNTER shareholders are to be given some of the 58m. shares of the company for nationalisation of shipbuilding and weapons interests. Back Page.
● NORTH SEA oil policies may contravene the Restrictive Trade Practices Act and a Bill is to be introduced to close the loophole. Page 10.
● MORTGAGE rate is unlikely to be cut back further this week, in spite of expectations that recommendations would be made for a 1 per cent cut on Friday. Building societies have taken sharply higher receipts in October. Back Page.
● IATA member airlines earned a net profit of only \$220m. in 1976, representing a 1 per cent return on operating revenues. Page 13.
● UNCTAD delegates have started negotiations in Geneva to set up a common fund to stabilise commodity prices. Back Page.
● CIVIL SERVANTS will stage a half-day strike over pay today, and delays are expected at ports, airports and up to four hours. Customs and immigration part in the stoppage called by the Government to accept responsibility for any passengers passing through the controls. Page 12.
● PERCY BILTON is the subject of a winding-up petition under the 1948 Companies Act on the strength of a 1959 disputed contract's bill. Page 10.
● LUCAS INDUSTRIES first half pre-tax profits rose from £55.84m. to £77.25m. on sales of £586.07m. (£719.29m.). Page 28 and Lex.



CALLAGHAN READY TO USE TROOPS AS FIREMEN

Power workers put forward terms for conditional return

BY ALAN PIKE and RICHARD EVANS

The firm strategy to force power workers to end the unofficial action which has been causing blackouts for the past week appeared to be succeeding last night when their leaders produced terms for a conditional surrender.

However, the Government now faces a potentially far more difficult test of its resolve with yesterday's decision by members of the Fire Brigades Union to stage their first-ever national strike from next Monday in defiance of the 10 per cent. pay guidelines.

Ministers, faced with a build-up of pressure against the pay policy from public service workers, yesterday took a tactical decision at a Downing Street meeting to protect the 10 per cent. guidelines by all possible means.

First, a particularly tough line is to be taken against the firemen and contingency plans have been drawn up to use troops if necessary.

Second, it was confirmed that the Government will resist any excessive pay demand from the National Union of Mineworkers, following further wage negotiations with the National Coal Board later this week.

Third, it was decided that maximum pressure should be exerted to isolate the electricity workers and praise given publicly to the senior engineers who have endeavoured to maintain supplies.

The meeting, under the chairmanship of Mr. James Callaghan, the Prime Minister, took place before hopes of a return to work in the power dispute emerged and this was later welcomed by Ministers as a significant breakthrough. Mr. Callaghan has been advocating to protect the Government's counter-inflation policy.

The prospect of an end to the unofficial power dispute meeting in Doncaster agreed to lift their work-to-rule subject to three conditions. These are that sanctions against individuals should be lifted and that there should be no pay deductions; that the next round of pay talks should include the right of shop stewards to negotiate; and that the Government will resist any excessive pay demand from the National Union of Mineworkers.

Measures 'should stop jobless rise next year'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A SENIOR Treasury economist from Mr. Terry Ward, the sub-committee's specialist adviser, said that the tax and expenditure measures of the end-October mini-Budget should stop the rise in unemployment by the end of next year.

This emerged during public questioning of Treasury officials by the general sub-committee of the all-party Commons Expenditure Committee.

It was also confirmed that public spending is again running below planned totals. Central Government expenditure covered by cash limits (mainly excluding social security benefits) is now about 4 per cent below the levels indicated for this stage of the year, according to the profiles prepared by departments last spring.

The sub-committee, chaired by Mr. Michael English, Labour MP for Nottingham West, questioned Treasury witnesses of the revised borrowing forecast, as well as on the economic background and implications of the measures.

Much of the 90-minute hearing involved rather inconclusive, though bloodless, fencing between the MPs and the Treasury over points raised in a highly critical memorandum.

growth in productive potential was now probably much nearer 3 per cent a year than 4 per cent, since the underlying rise in productivity (output per head) was now less than the trend rate of 2 1/2 per cent a year up to 1974.

He suggested that this might be the result of changes in relative prices, notably oil, and the low level of investment in the U.K.

The calculation of productive potential is made after taking into account the estimated rise in the labour force of 3 per cent a year and the impact of North Sea oil.

Mr. Ward's paper argues that the Government's fiscal stance appears to be more restrictive after the recent reflationary measures than it was intended to be at the time of the March or July economic statements.

This is because the latest borrowing requirement estimate for 1977-78 of £7.5bn. is still £1bn. less than projected earlier in the year.

Mr. John Anson, the Deputy Secretary heading the Treasury team, refused to be drawn on this topic, while arguing that the Government's decisions were based not just on the "narrow front" of the borrowing requirement but also took into account the balance of payments, inflation and financial influences.

Philips seeks to increase stake in Electronic Rentals

BY MAX WILKINSON

PHILIPS, the Dutch electrical shares were suspended at 99p yesterday when Philips increased its holding to just over 30 per cent. It then made a formal offer of 100p. This was not regarded in the City as a serious bid. The bid values Electronic Rentals at just over £70m.

Having made an offer Philips may add to its holding in Electronic Rentals by a maximum of 2 per cent a year without being forced to make a full bid again. At that rate it would take more than 10 years for Philips to gain control.

Visionhire is important to Philips because it is the fourth largest of the big six television rental companies and one of Philips's major customers for colour television sets.

Philips last increased its stake in the company in January last year, when it sold the Lays Surevision rental company to Electronic Rentals.

Philips said yesterday that the offer would not be increased.

News Analysis, Page 10; Lex, Back Page

Vosper close to deal with Kuwait

BY RICHARD JOHNS

KUWAIT is close to concluding a \$500m. order for fast patrol boats from Vosper Thornycroft, the U.K. shipbuilders.

It is understood, however, that the vessels would be equipped with French Exocet surface-to-surface missiles made by Dassault, Italian Otomela guns and West German engines.

Vosper Thornycroft declined to comment yesterday on a report in the Beirut newspaper Al Anwar concerning a contract that Kuwait intended to place with an unnamed company.

However, the British company is known to have been negotiating the sale of 10 fast patrol boats to Kuwait and is optimistic about clinching the deal, according to other shipbuilding sources.

It would not be the first time that Vosper Thornycroft has supplied naval vessels with non-British armaments. For instance, frigates built by the company for Brazil are also equipped with Exocet missiles as well as SeaCat surface-to-air missiles.

The package under negotiation would also involve a training programme for Kuwait's small navy. British military missions are at present training the Gulf State's air force which has Lightnings and Hunters, and its army which is making delivery of Chieftain tanks.

The main contract for a £160m. naval base designed by Brian Colquhoun and Partners is being carried out by the Japanese company Toa Harbor Works.

Kuwait has allocated about \$1.5bn. for the modernisation of its armed forces over the next few years. To replace its ageing British aircraft, it is forming two squadrons of U.S. Skyhawk fighter-bombers and one of Mirage F-1 interceptors.

In line with its policy of diversifying its sources of supply, Kuwait is also purchasing from the Soviet Union portable SA-7 anti-aircraft missiles, of the kind used with effect by Egypt and Syria during the October War of 1973.

Orders for other Russian infantry weapons may follow, but Kuwait has drawn the line at allowing in Soviet military advisers.

The plan is that Kuwaiti soldiers—who to a great extent are recruited from Saudi Arabian tribes—should train on the SA-7 missiles in Egypt. No less than four Egyptian advisory teams are reported to be in Kuwait dealing with infantry tactics, coastal defence and special operations.

Wholesale price rises slow down

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of increase in industry's costs and factory gate prices has now slowed significantly—pointing to a certain decline in the 12-month rate of retail price inflation until at least the end of the winter.

Factory-gate prices charged by manufacturing industry rose by around 1 per cent in October to 270.9 (1970=100), according to Department of Industry figures announced yesterday.

The index has risen by just under 2 per cent in the last three months while the underlying improvement is shown by a drop in the six-month rate of increase from 11 to 6.1 per cent between the last half-years.

All this is consistent with the sharp slowdown in price rises notified to the Price Commission. And it provides even further support for Government projections that the 12-month rate of retail price inflation—15.6 per cent in the year to mid-September—should fall to between 12 and 13 per cent by the end of the year, and possibly even lower later.

Mr. Frank Cassell, a Treasury Under-Secretary, told the Commons Expenditure Committee yesterday that the 12-month rate of retail price inflation would fall during the next six months.



WHOLESALE PRICES (1970=100)
Output (home sales) Raw Materials

Month	Output	Raw Materials
1976 1st	206.9	266.5
2nd	214.4	292.6
3rd	223.2	306.8
4th	233.9	329.9
1977 1st	248.0	341.5
2nd	259.2	347.7
3rd	267.7	340.5
April	255.4	349.7
May	259.8	346.3
June	262.4	345.2
July	265.8	344.5
Aug.	268.1	338.8
Sept.	269.3	338.1
Oct.	270.9	334.4

* provisional
Source: Department of Industry

The continuing decline in raw material costs in October reflected lower prices for crude oil and woodpulp, mainly as a result of the rise in the value of sterling against the dollar.

Mr. Eric Varley, Industry Secretary, commented that the trend in raw material costs this year, when taken with "the relatively low increase of wage costs," indicated that "output (factory-gate) prices can be expected to continue to ease over the next few months."

While the immediate inflation prospects are certainly favourable, they may have been helped by the once-and-for-all influence of the effective freezing of many public sector charges until after the end of the year and the apparent decision by some companies to bring forward price rises ahead of the introduction of the new Price Code three months ago.

Detailed breakdown of the wholesale price figures shows that food manufacturing costs and prices are now falling after their sharp rises earlier in the year.

The index of materials purchased by food manufacturers fell by 1 per cent last month as a result of a sharp fall in coffee prices accompanied by lower prices for cocoa beans and imported cereals. This index has dropped by 4 per cent in the last three months.

The output price index for the food sector showed little change in October but has fallen by 4 per cent in the last three months after a rise of 8 per cent in the previous quarter.

Editorial Comment, Page 18

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PRICE CHANGES YESTERDAY
(in pence unless otherwise indicated)

Commodity	Change
Engineering	130 + 6
Steel	625 + 8
Aluminium	361 + 41
Lead	241 + 11
Gold	284 + 10
Oil	105 + 10
Wheat	490 + 20
Id. Duffus	217 + 6
Id. Duffus	275 + 8
Id. Duffus	28 + 8
Id. Duffus	180 + 10
Id. Duffus	238 + 8
Id. Duffus	255 + 18
Id. Duffus	180 + 8
Id. Duffus	480 + 10

FEATURES

Page	Section
18	Appointments
27	Business News
14	Company News
4	Currency
7	Finance and Bank
17	Foreign Exchange
31	Labour News
19-26	FT SURVEY

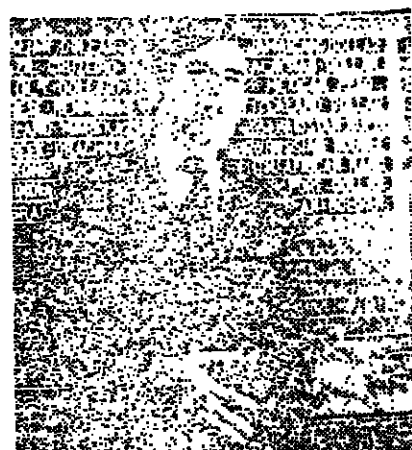
ON OTHER PAGES

Page	Section
2	Announcements
3	News and Markets
14	Money Markets
15	Overseas News
16	Parliament
17	Racing
18	Share Information
19	Stock Exchange
20	The Technical Press
21	TV and Radio
22	Unit Trusts
23	Weather
24	World Trade News
25	World News
26	World News

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Report from Number One Wall Street



Witold Suliminski, Vice President, International Corporate Banking Division.

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James M. Stewart, Vice President.

For resident companies, a typical assignment might be to explore a direct investment program in the U.S. Irving specialists in London, working with their counterparts at Irving headquarters in New York, provide counsel and assistance on such alternatives as acquisition, joint venture or establishing a de novo operation.

For non-resident companies, assignments might include providing a comprehensive analysis of the company's overseas organization, sales volume, inventory policy and control; reporting and budgeting net assets or liability position in foreign currencies; evaluating capital expenditure programs and sources of local financing.

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James W. Scanlan, Jr., Vice President.

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Complementing this personalized service, Frankfurt Branch distributes to its customers the Irving's *Foreign Exchange Market Trends*, which is published by the Economic Research and Planning Division in New York and available in both English and German.

EUROPEAN NEWS

Disputes grow in Portugal's forces

By Diana Smith

LISBON, Nov. 7. THE IMPENDING resignation of Portugal's Vice-Chief of Staff of the armed forces, General Loureiro dos Santos, and the replacement as commander of the Northern Military Region of a markedly right-wing officer, Brig. Pires Veloso, by the apparently non-political Brig. Duarte Silva, have drawn attention to growing differences of opinion in the armed forces.

General Loureiro dos Santos, personal choice of President Eanes, was appointed Vice-Chief of Staff earlier this year so that the President could devote more time to civilian politics and leave restructuring of the armed forces to a man he trusted absolutely. However, the General was apparently never given legal tools to override often disputatious commanders-in-chief of the army, navy and air force and he now seems to have given up the struggle.

Furthermore, there have been persistent rumours that he had dropped the non-political stance the President expects from all military men, and was becoming involved behind the scenes with leaders of opposition parties to the right of the Socialists. This factor adds a complex note to his resignation at a time when President Eanes is struggling — so far without visible success — to coax political leaders to forget personal differences and ambitions and work towards a common policy.

The replacement of the outspoken Northern Region commander, Brig. Pires Veloso, had been expected some time. He had become something of a messianic figure for right-wing parties in the traditionally conservative North but became physically hampered after a helicopter crash last year which put him into hospital for many months. His departure has already brought protests from his civilian admirers.

Employment in the Soviet Union

Structural faults

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

SOVIET COMMENTATORS have made much of the fact that their new Constitution gives every Soviet citizen the right to work. By common western consent, Soviet reality appears to respect this right more widely than most. Apart from some well-known cases of dissidents and would-be emigrants who have lost their jobs and face charges of parasitism, evidence of unemployment is rare.

To some extent the Soviet achievement in eradicating widespread unemployment hangs on what is meant by that term. As an official at the State Labour Committee in Moscow put it in a recent interview: "You in the West see employment in purely economic terms. We add the social factor." In other words, workers are taken on whether or not there is something for them to do.

But such hidden unemployment is less important than the fact that the Soviet Union is currently the grips of a critical labour shortage — at least where it matters. All the signs are that it will get worse. More to the point, then, is that other Article in the Constitution describes work as both a right and a duty is not, according to the same Labour Committee official, a contradiction. The Leninist principle applies: "He who does not work, neither shall he eat."

At least on the face of it, the labour problem is clear-cut. There are not enough people of working age to fill all available jobs. Many employers particularly those in outlying areas, only make do because of the tight internal migration laws or the fact that young people have to do a spell in the provinces after completing their training. Generous pay incentives are also used.

The problem is aggravated by the fact that traditional reserves of labour such as agriculture, the retired, and the female population have been heavily drawn on. The farming community is

being depleted as fast as possible, there already are 14m. pensioners on full or part-time work; over half the working population is composed of women. Because of what Soviet officials call the demographic echo from the last war when 20m. people died, there will shortly be a drop in the supply of new labour. While the able-bodied population is expected to grow by 18 per cent this decade, the rate will drop to a mere 4 per cent in the 1980s.

So the economic emphasis is on raising labour productivity, equipping factories with efficient machinery, and developing labour-saving technology. Hence, the Russians' interest in trade with the West.

But this represents only one side of the picture. As any western visitor to the Soviet Union quickly notices, there is something but a labour shortage in the ministries, party organisations, indeed anywhere you care to look. By western standards, every office is grossly understaffed, and the number of functions performed by human hand is surprising. Far from grappling with a labour shortage, the Soviet Union would seem to be suffering from poor labour deployment. Since overmanning invariably seems to occur in less skilled occupations and shortages among the highly skilled, the problem seems to be connected with the inadequacy of training.

All this is indirectly admitted in the Five Year Plan which talks at length of the need to introduce new technology and raise efficiency, while at the same time calling for the establishment of a labour intensive industries "in areas with a favourable balance of labour resources."

And if this were not convincing evidence that labour is not being put to the best use, the simple fact that the Soviet Union produces a GNP less than half that of the US with a population that is some 50m. equipment

Bank survey shows Europe's \$200bn. investment lag

BY JOHN WICKS

ZURICH, Nov.

THE PAST TWO years have seen the floundering of the 1970-1973 period. The study claims that sluggish investment activity is the main reason for slow economic recovery in most industrialised countries, whereby existing investment levels are generally insufficient to make up for the decline booked in 1974 and 1975. Even in the United States, where in 1975 and 1976 and comparing

the figure with the average for the 1970-1973 period, this year after a corresponding 22 per cent increase in 1976, Union Bank contends the real investment volume will in 1977 be at only the same level as five years ago.

In Europe, the United Kingdom's investment share in gross domestic product is given as the

lowest of the countries covered in the 1970-74 period and a 22 in 1975 and last year. In 1976, the British share of 17.9 per cent, as compared with 19 per cent last year — is also at bottom of the list.

The Financial Times published daily at 11.30 a.m. (except on Sundays and public holidays) £13.00 (air freight) \$13.00 (air freight) £13.00 (air freight) \$13.00 (air freight) £13.00 (air freight) \$13.00 (air freight)

Here you see a Swissair owner signing a contract.



On the farmhouse that has belonged to the Hofmann family for six generations is a sage inscription: "He that his house by the road doth build, must expect his ears with talk to be filled."

Altikon, Switzerland, on a summer afternoon of 1977. Two men are shaking hands — not that they have just met or intend to go their ways. They are merely signing a purchase contract in the old, tried-and-true fashion.

The purchaser of Zibeline, 10, milk cow, is Ernst Hofmann, 68, a cattle-dealer to whom the old saying still applies, "His word is his bond."

He also owns part of the Swissair Boeing 747 in which you may be taking your ease on your next flight. For years now Ernst Hofmann has been investing part of his earnings in Swissair shares.

So he's a cattle-dealer and a co-owner of Swissair. One of more than twenty thousand farmers, accountants, godchildren, house-

wives, physicians, teachers, in short private citizens who hold a piece of Swissair. Taken together, in fact, they own quite a sizeable chunk — almost three-quarters of the shares.

Ernst Hofmann may never board a Swissair jumbo jet. But he quite simply expects the service on board, and of course on the ground as well, to be outstandingly good. So good

that your last flight with Swissair will not be your last Swissair flight. So that his last dividend from Swissair will not be his last. Swissair would hate to disappoint either of you.

SWISSAIR

مكازم الأهل

EUROPEAN NEWS

Mitterrand talks call rejected

By David Curry

PARIS, Nov. 7.

SOCIALIST LEADER Francois Mitterrand yesterday drummed the dissonant Left wing of his party back into line and challenged the Communists to return to the negotiating table "without preconditions and without delay" to work out their joint programme for next year's general election.

His proposition was immediately dismissed as "ridiculous and regrettable" and amounting to a "dictat" by the Communist official newspaper *L'Humanite*.

The Left wing faction of the Socialists, the Ceres group, which accounts for perhaps a quarter of party membership, last week proposed taking steps towards the Communists, notably by increasing the nationalisation list, in order to resume talks on the electoral programme. But at the national congress over the weekend—the last big Socialist gathering before the March elections—the proposals were systematically defeated by a succession of "mainstream" speakers culminating in M. Mitterrand himself.

The events of the week-end mean that M. Mitterrand is likely to go into the elections the master of his own house even if it is without the Communist alliance. The interest now will centre on whether, with his own troops dressed into line, he will be ready to accept the challenge of the propaganda war launched by the Communists against him.

Turkey willing to satisfy IMF

BY DAVID TONGE

ANKARA, Nov. 7.

THE TURKISH Government today said that it was willing to meet the conditions laid down by the International Monetary Fund for an IMF loan agreement. Such a loan has been made essential by the country's foreign exchange crisis and the queue of overdue foreign exchange payments, which has built up to over £1bn.

Foreign bankers say they have told the Minister of Finance, Mr. Cihat Bilgehan, that Turkey will not receive any further bank credit until it meets the conditions attached to a major loan agreement with the IMF.

An IMF team has been in Ankara since October 13 and its demands for austerity have caused acute problems for the three-party right wing coalition Government, which is already

deeply split on both foreign and domestic policy. However, in an interview published in the liberal daily *Milliyet* this morning, Mr. Bilgehan said: "We want to sign an agreement with the Fund. If 1978 figures to be clarified soon as possible. Our current budget figures are ready. We are waiting for the investment and transfer figures from the State planning organisation."

There has been bitter disagreement in the coalition over the IMF's demand that the Government's ambitious heavy industry programme be pruned. But with the country's current account deficit expected to be around £2bn this year, the main advocate of the programme, Mr. Necmettin Erbakan, leader of the pro-Islamic National Salvation Party, has found himself

receiving little support from his colleagues. Further austerity measures and an additional devaluation sought by the Fund are not expected before important local elections due on December 11. On the contrary, the Government has just announced an increase in civil service allowances—in effect a rise in salaries of up to £30 per month—which will increase the budget deficit by TL10bn. in a full year. This is equivalent to one quarter of the savings resulting from the September measures.

The Minister told *Milliyet* that the Government did not envisage freezing wages—an almost impossible move in today's circumstances—and that the agreement with the IMF would be for one year.

T-72 leads Red Square parade

BY DAVID SATTER

MOSCOW, Nov. 7.

A SQUADRON of the Soviet Union's new T-72 battle tanks rumbled through Red Square today, played some of its formidable weapons, including the latest top-secret T-72 tank and the latest nuclear howitzers, in the Red Square parade commemorating the 60th anniversary of October 1917 revolution. Marshal Dmitri Ustinov, the Defence Minister, said in a speech before the parade that the T-72 is the best tank in the world and that although the "let" Union is committed to disarmament and to detente, it is strengthening its defence to discourage anyone who may risk disturbing our peaceful life.

Marshal Ustinov praised Mr. Brezhnev, the Soviet leader, as "the true continuer of Lenin's cause," a point that was made during the parade. Square in two squadrons with a total number of 46 vehicles and a crew member in the turret of each. The T-72 is wider and lower than its predecessor, the

T-62, and is believed to have the first fully automatic loading system in a Soviet tank.

New self-propelled 122 mm. and 152 mm. howitzers followed the T-72 tanks in the parade, which moved past the reviewing stand in rows of three. Another weapon not previously seen in a Moscow parade was an anti-tank guided missile, which was transported through the square on wheeled vehicles.

There were also tactical rockets, armoured troop carriers, multi-round rocket launchers, missile carriers with their own radar system and four short-range SS-12 ballistic missiles on view.

The T-72 tank, which is regarded by Western experts as "the most formidable in existence," its appearance in Red Square in two squadrons with a total number of 46 vehicles and a crew member in the turret of each. The T-72 is wider and lower than its predecessor, the

German bank's wage plea

BY GUY HAWTHORN

FRANKFURT, Nov. 7.

ST. GERMANY'S bankers to-per cent. in 1978, but of no less appeal for restraint during than 4.5 per cent. If an import year's round of wage negotiations is held in the hoped-for late autumn, the settlements will be more important in the shape of a take into account the of purchasing power—were not rent level of corporate profits.

He appeal, in the annual report of the Federal Association of German Banks, said the Government's target of a 4.5 per cent. real economic growth rate would prove illusory if there is a renewed burst of high settlements. He said the continued weakness of capital. He recommended that the investment should take foremost Bundesbank consider a slightly priority in all economic policy, lower target rate of growth of 3.5 per cent. and money supply than this year.

Adrian Dicks adds from when the target of 4.5 per cent. real economic growth rate. He said the target of 4.5 per cent. real economic growth rate would prove illusory if there is a renewed burst of high settlements. He said the continued weakness of capital. He recommended that the investment should take foremost Bundesbank consider a slightly priority in all economic policy, lower target rate of growth of 3.5 per cent. and money supply than this year.

Stricter anti-merger powers urged

BY ADRIAN DICKS

BONN, Nov. 7.

STRONGER AND better-defined powers to prevent some corporate mergers are needed in order to make good the West German Government's promise of the 1976 parliamentary election to safeguard the future of the market economy, according to a draft paper published by the Ministry of Economics.

The paper defines a big company for this purpose as one with a turnover of DM20m. (€20m.), and offers several different ways of identifying the type of market which it feels such large concerns should not be allowed to enter without approval.

Further, it suggests that all mergers involving a company with DM20m. turnover, or two companies with a turnover of more than DM10m. apiece, should be compulsorily reported to the Federated Cartel Office.

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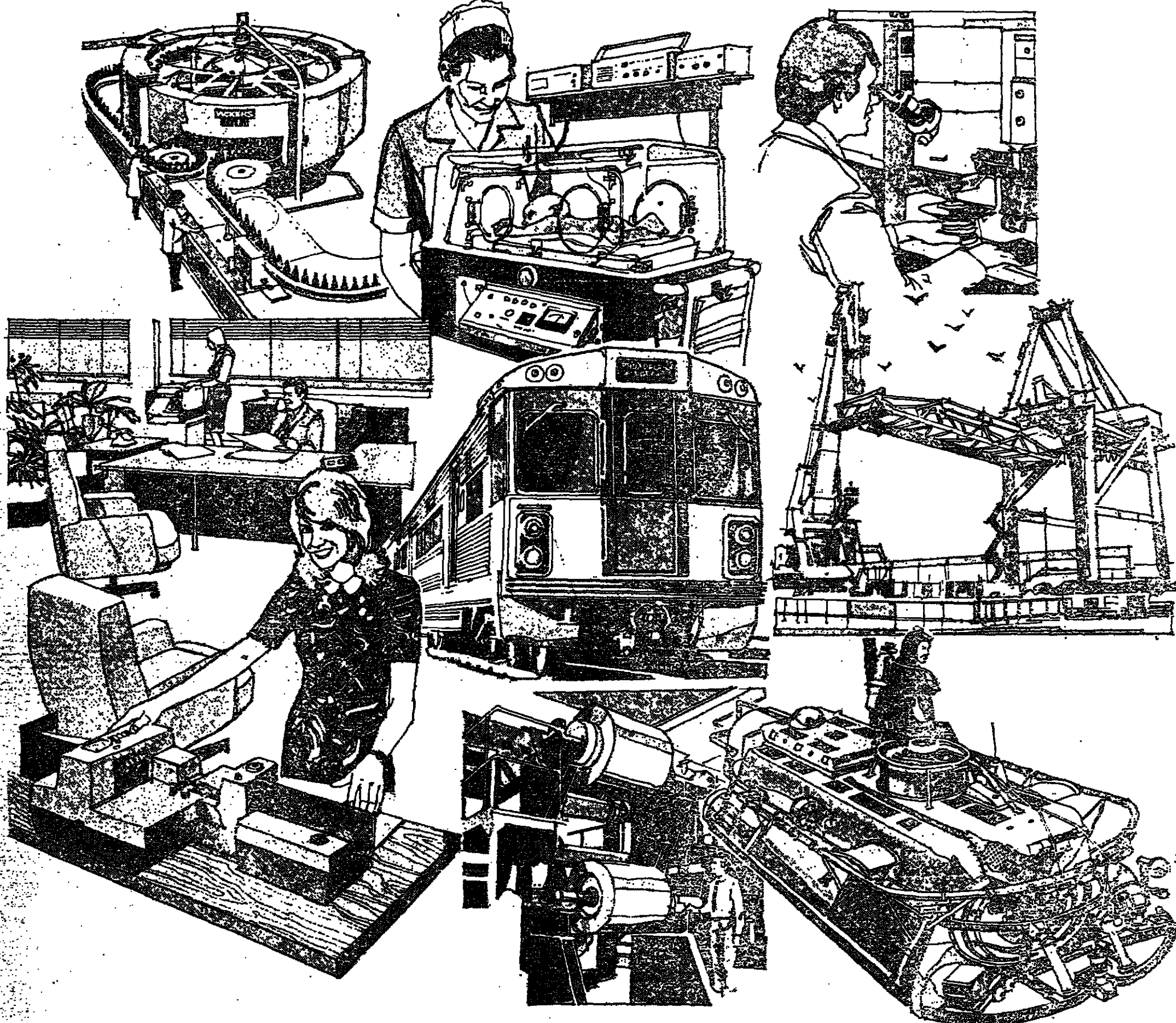


POPPY WEEK NOV 7-13

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OVERSEAS NEWS

LIBYAN WARNS OF PURSUIT INTO ALGERIA

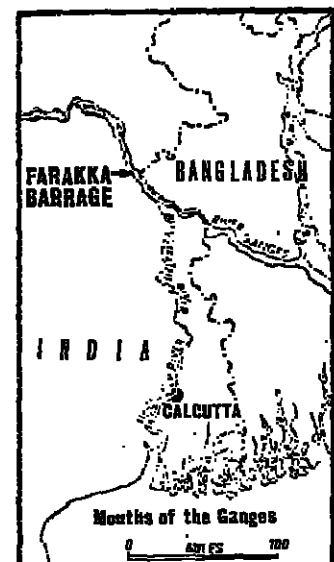
Peace in Mauritania... iron dispute... By John W...

LIBYAN WARNS OF PURSUIT INTO ALGERIA
By EIRENE FURNESS
According to the Polisario Front, based in Algeria, the Moroccan army has been driven back into Mauritania. The Polisario has launched long-range attacks on the Moroccan installations at Zouerate and further south. Morocco and Mauritania have been linked by a mutual defence pact since May, but it was not immediately clear whether the king's warning also applied to violations of the Mauritania frontier by Polisario when following the main route for infiltrations.

INDIA AND BANGLADESH

Taking the Ganges waters on trust

BY MARGARET VAN HATTEM, RECENTLY IN DACCA

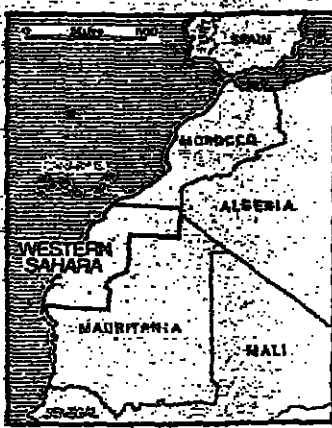


THE RIVER Ganges, like the violent Hindu goddess Kali, is able to offset the problem, at least partly, by more careful composition of cargo, using the bulk of tea and jute to offset the weight of steel products, and by delaying cargo planning to the last moment to allow for changes in the drought. But this can be troublesome and expensive—an increasing number of ships are leaving Calcutta along as best they can until the rains start again.

So far, shippers have been able to offset the problem, at least partly, by more careful composition of cargo, using the bulk of tea and jute to offset the weight of steel products, and by delaying cargo planning to the last moment to allow for changes in the drought. But this can be troublesome and expensive—an increasing number of ships are leaving Calcutta along as best they can until the rains start again.

Anti-French march as envoy meets Polisario

ALGIERS, Nov. 7.



ANTI-FRENCH MARCH AS ENVOY MEETS POLISARIO
By EIRENE FURNESS
The situation here is viewed with gloom. There is the feeling that Algeria and Polisario are delaying their military preparations and Mauritania to defend its weak flank with French support. Meanwhile, Polisario's attempt to put pressure on the French Government could prove a serious mistake, with grave consequences in both the political and the economic spheres.

The situation here is viewed with gloom. There is the feeling that Algeria and Polisario are delaying their military preparations and Mauritania to defend its weak flank with French support. Meanwhile, Polisario's attempt to put pressure on the French Government could prove a serious mistake, with grave consequences in both the political and the economic spheres.

Earners

On the Indian side, the most pressing problem concerns the port of Calcutta, major outlet for the country's biggest foreign exchange earners—tea, jute and steel goods. It is situated on the Hooghly River which is fed, via the Bhagirathi River, by the long-simmering conflict between India and what had been East Pakistan, now Bangladesh.

In 1975, the two Governments agreed that in the April 21-May 31 period, India should withdraw 11,000 cuses to 18,000 cuses on a trial basis. No provision was made beyond this date, after which India resumed withdrawal of 40,000 cuses.

Monitoring by the Government of Bangladesh during the 1975 and 1976 dry seasons showed that with the increased diversion of water, the penetration of saline water increased from the normal 170 miles to about 270 miles from the coast, affecting more than 4,000 acres. The reduced flow also affected groundwater supplies, which dropped an average five feet below normal.

Irrigation

The repercussions on agriculture were severe: a third of the region's irrigation facilities became inoperable and the rice crop was hit. The total loss in rice production was estimated at 236,000 tons—equivalent to 20 per cent of the country's total food imports.

The Government reported related damage in other sectors. The catch at three key river fishing centres—Khumna, Goalundo and Chandpur—dropped by 75, 34 and 46 per cent respectively, sending prices up 25, 13 and 31 per cent. More than 155 miles of inland navigation routes normally operable during the dry season had to be closed.

Owen warning on Zimbabwe poll

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

OWEN WARNING ON ZIMBABWE POLL
DAVID OWEN, the Foreign Secretary, issued a tough warning yesterday that the current Anglo-American initiative on Rhodesia could go ahead only if the Western powers—which had and fair elections were shown—a major change in the attitude to South Africa in the United Nations, which would be a prerequisite for any settlement of the Rhodesian issue.

Dr. Owen, who said he was critical of the sort of diplomacy which swept real issues under the carpet, gently castigated the OAU for not dealing more firmly with the conflict between Ethiopia and Somalia in the Horn of Africa. It was, he said, essentially up to the OAU to defend its long held principle that boundaries inherited on independence must be preserved.

Hong Kong police crisis eases

THE CRISIS between the Hong Kong Government and its police force appeared to be winding down this evening, Philip Bowring reports from Hong Kong. After a meeting between the Police Commissioner, Mr. Brian Steyn, and police representatives, most notably spokesmen of the militant junior officers, it was stated that any representations should be made by their members through discussion with police headquarters and "certainly not" by public protest gatherings.

This announcement came after emergency sessions of the Colony's executive and legislative councils and the passing of a law to empower the Police Commissioner to dismiss summarily any policeman for failing to perform his duties.

Israeli warning

ISRAEL will act swiftly to restore order in South Lebanon if there are further attacks like that on Nabatieh on Sunday, in which two people were killed, Mr. Ezer Weizman, the Minister of Defence, said during a visit to the Lebanese border yesterday. David Leblon reports from Tel Aviv.

Refugees rejected

THAILAND has turned back to sea boatloads of new Vietnamese refugees in an attempt to force the United States and other nations to increase acceptance of the refugees, government officials said yesterday, reports UPI.

Philippine casualties

PRESIDENT Ferdinand Marcos of the Philippines said yesterday as many as 50,000 civilians have been killed in fighting between government troops and rebel forces in the Southern Philippines, reports UPI. It was the first time Marcos revealed such a high casualty estimate for civilians.

ON OTHER PAGES

International Company News: Kvaerner £170m. profit	34/35
U.S. aluminium prices	34/35
Farming and Raw Materials: Coffee pact	37

Japan disclaims hidden reserves

BY CHARLES SMITH, FAR EAST EDITOR

JAPAN DISCLAIMS HIDDEN RESERVES
ANS "hidden reserves" are hidden and are not reserves, Finance Ministry argued in response to reports in an international business magazine some \$6bn. had been saved in the form of loans to mercantile banks.

been their historic peak. More recently there has been occasional coverage of the subject in the Japanese press. In December 1975 the Japan Economic Journal (Nihon Keizai Shimbun) reported a lowering of interest on exchange deposits with foreign banks. The value of these was estimated at around \$5bn, most of it loaned in the form of four month time deposits and destined for the financing of imports.

TOKYO, Nov. 7.

rency funds from the government means that net liabilities are lower than would be the case if Japanese banks were wholly reliant on international money markets. The degree of their reliance is not currently a matter of any particular note but it became a serious embarrassment after the oil crisis when the dollar value of Japan's imports increased sharply and the banks had to increase foreign currency borrowing accordingly. It was during this period that the phenomenon of a Japan rate—a premium rate of interest charged on Japanese borrowers—appeared on the Euro-dollar market.

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FT1

WORLD TRADE NEWS Pressures within OPEC for increase in oil prices

VIENNA, Nov. 7. **FINANCIAL** experts from 13 members of the Organisation of Petroleum Exporting Countries met today at their headquarters for preliminary discussions on fixing 1978 petroleum prices. Officials said that the OPEC Economic Commission is preparing recommendations for oil ministers to consider at a ministerial conference in Caracas, Venezuela, on December 20. OPEC's economic commission is an advisory body, which usually meets before ministerial conferences to assess statistical data needed for pricing decisions. OPEC's basic oil price now averages \$12.70 a barrel. The price was frozen last summer, and oil ministers said it would be reviewed before January 1 next year. In Kuwait, a senior oil official was quoted as saying that OPEC countries are divided over pricing some wanting a freeze, others demanding increases of up to 15 per cent. Mr. Mohammed Nasseir, Assistant Under-Secretary for Economic Affairs at the Oil Ministry, told the newspaper Al-Sayass that Kuwait's position is of a moderate, seeking to maintain the real value of its oil revenue. Meanwhile, the latest edition of the Middle East Economic Survey report that OPEC is certain to reject U.S. calls for an oil-price freeze at its policy meeting in Caracas late next month. It predicts an increase for 1978 of at least 5 per cent over this year's crude prices. "It has already become quite clear that there is no hope of even the most moderate OPEC producer heeding the U.S. call for a price freeze through all or part of 1978," the authoritative weekly says. MEES points out that even Saudi Arabia, the most restrained OPEC member on price policy, has publicly declared that it considers some rise to be justified. In an interview published in the Kuwaiti newspaper Al-Wakeel, Mr. Tarek Abdel Karim, Iraqi Petroleum Minister, has made it clear that his Government will take a hard-line at next month's scheduled meeting of the Organisation of Petroleum Exporting Countries. "The OPEC countries have severely suffered from inflation in industrialised countries as well as from the sinking dollar," he was quoted as saying. "Accordingly, we feel oil prices must be raised to offset this deterioration in the purchasing power of our (oil) revenues."

Pressure on India to buy ships

NEW DELHI, Nov. 7. **INDIA** is under pressure from Britain for purchase of six cargo ships worth £52m, so that surplus capacity in British shipyards is used. This follows talks between India's Shipping and Transport Minister, Mr. Chand Ram, and Britain's Overseas Development Minister, Mrs. Judith Hart, in London. Mr. Ram is on a tour of Europe to find the best and most economical shipyards in Europe to place large orders to increase the fleet of the Shipping Corporation of India. Mrs. Hart has pointed out that orders on British shipyards as well as purchase of old vessels can be financed from the £144m committed as aid to India. While this means India will get the ships virtually at no cost, it would mean using British aid for what is felt are relatively expensive ships since Japanese quotation for an 18,000-ton freighter is only \$12m, against the British bid of \$18m. India would prefer to use British aid for items which are competitive in world markets, although Mrs. Hart is reported to have said that the price differential could be met from the into account. Apart from aid, India plans heavy investment from its own resources in foreign exchange reserves to delivery schedules, and other shipping tonnage.

Coal exports for Ireland

NEW DELHI, Nov. 7. **INDIA** has concluded a contract push ahead with the drive to for shipment of coal to Ireland to increase coal exports to Europe, beginning with a trial export. The tentative target for the cargo of 20,000 tonnes for use in current year is 1m. tonnes. Shipments have already been made to France, Belgium, Denmark, West Germany and the Netherlands. The Ministry of Coal and Metals Trading Corporation and the Royal Irish Food Corporation, initial supplies. With improvement of production in Indian collieries following eastern markets in Taiwan, better availability of explosives, South Korea and the through imports and from local Philippines, talks with which units, plans have been revived to have been held.

Carter to speak on energy plan

WASHINGTON, Nov. 7. **PRESIDENT CARTER**, who has postponed a nine-nation tour indefinitely to concentrate on getting legislation on energy through Congress, will speak to the nation tomorrow night on his energy package. The president notified foreign governments during the week-end that he was postponing indefinitely his 24,000-mile tour because of his energy programme, which is now under a severe test in Congress. Administration sources said that Mr. Carter, with the tour postponed, plans to send Congress the remainder of his domestic priorities within the next few months as follows: Tax reform early in the 1978 session, probably in January; Urban policy by March 15.

Rail order

Mitsubishi Electric said it has won a contract to supply 12000 telephones for the new South Wales Public Transport Commission.

Dead Sea potash deal for California company

AMMAN, Nov. 7. **JACOBS ENGINEERING GROUP** has secured a financing package for the Dead Sea potash project, which would open the contract for the design and construction supervision of the largest ever industrial project in Jordan, the \$425m. Dead Sea potash extraction scheme. The contract was signed here this week-end but its value was not disclosed, though it is known to be on a cost-plus basis. Jacobs had been awarded the technical consultancy contract for the first phase of the potash project, which is now complete. Jacobs brought in Sir Alexander Gibb Company of the U.K. as sub-contractors to oversee civil works on the first phase of the potash project, which is now complete. Jacobs brought in Sir Alexander Gibb Company of the U.K. as sub-contractors to oversee civil works on the first phase of the potash project, which is now complete. Jacobs brought in Sir Alexander Gibb Company of the U.K. as sub-contractors to oversee civil works on the first phase of the potash project, which is now complete.

Saudi causeway cost put at \$800m.

BAHRAIN, Nov. 6. **TENDERS** for the Bahrain-to-Saudi Arabia causeway are likely to be called in November next year. Dr. N. M. Al-Saloom, under-secretary at the Saudi Ministry of Transport, said in Bahrain yesterday. The estimated cost of the causeway, which has been put as high as \$800m, makes it one of the largest projects in the Arabian peninsula, and it is one in which world contractors have shown much interest. The financing of the 25 kilometre causeway will be completely borne by Saudi Arabia. Present estimates put construction time at four-and-a-half years. Dr. Al-Saloom was speaking to delegates at an international conference on Marine Technology and the Gulf, which has been jointly sponsored by the Bahrain Society of Engineers and the Institute of Marine Engineers. Detailed designs of the four-lane causeway, to incorporate a number of bridges to allow the passage of ships, started in July this year, although technical and economic feasibility studies began in February, 1975. The names of many contractors are being mentioned as possible candidates for the contract. In particular, that of the South Korean, Hyundai Construction Company, which recently completed the \$340m. Arab Ship Repair Yard drydock in Bahrain and which is currently working on the construction of the Saudi port of Jubail. Informed sources in Bahrain believe that the contract will be awarded on a turn-key basis.

Hong Kong fights back on EEC delays

BY PHILIP BOWRING IN HONG KONG. **THE ATTACK** on Hong Kong by Mr. Tran van Thinh the EEC's chief textile protection negotiator at a Press conference called by himself in Brussels on Friday has given rise to a storm of protest from Hong Kong officials and trade leaders. Strength of reaction here to the charges made by Tran has been astonishing. If Hong Kong had been an independent state, Mr. Tran van Thinh's remarks were, it is suggested, of a nature that would lead to envoys being recalled for consultation. The Deputy Director Hong Kong's Department of Trade, Industry and Customs, Mr. Bill Dowd, himself a veteran of many years of textile negotiations, said that he had "never seen anything like it. It is incredible in the middle of complex negotiations to call a Press conference to make provocative statements intended to intimidate the other party." Such a description came as little surprise to observers here who recalled Mr. Tran's Press conference during a visit here three months ago when he spoke soothingly of 5 per cent growth at a time when it was already known that the EEC planned to try to enforce major cutbacks against Hong Kong and distribute the quota to more favoured or less competitive countries. At his Brussels Press conference, Mr. Tran van Thinh demanded that Hong Kong reach agreement with the EEC by this coming Friday. If it did not, it would lose all the quota it had been "offered." Mr. Tran wants a 13 per cent cutback by Hong Kong from 1978 levels, compared with a standstill on overall textile imports. He accused Hong Kong of trying to delay agreement, having originally accepted a November 10 deadline. The threat to cut Hong Kong off without quota is seen here as remarkable considering that the EEC can simply give or take away at the whim of some officials. What Mr. Tran is saying is that if Hong Kong does not agree limits, the EEC will simply tear up its own obligations under the GATT. It is now being asked here whether there is any point of signing agreements of this sort when the EEC will not honour them. The charge that Hong Kong has adopted delaying tactics is regarded as untrue and it is thought that Hong Kong may ask EEC member states to indicate whether their negotiator represents their views. In fact, the negotiations between Hong Kong and the EEC were delayed for several months by the inability of the EEC members to find a common negotiating position. Finally, the EEC set on October 11 as the day for starting talks with Hong Kong, and was agreed. Then the EEC again delayed the start. When EEC proposals were finally presented, they were expressed in the EEC's own jargon, and the Hong Kong negotiator, Mr. Tran, was forced to use the same jargon. The EEC's proposals were, in fact, a series of demands for Hong Kong to accept a series of conditions, rather than the system used under the existing agreement. According to Hong Kong sources, the EEC proposals have been extraordinarily vague. The week prior to Mr. Tran's attack there had been no negotiations. This was due to a request from the EEC for an extension of time for the negotiations. The next session was held on Friday, and as Mr. Tran did not attend, he was, in effect, the new set of proposals put forward that day by Hong Kong on the point of principle. Trade data show that Hong Kong exports to the EEC have been growing rapidly in recent years. As for India, it is only a matter of weeks since the EEC was trying to defend its demands to Hong Kong, and the Indian negotiator, Mr. Mohanlal, was in a similar position. India has always been wary of the EEC's "protectionist" New York Times article, which said that the EEC was "not understanding" European problems. Exporters say they are fed up with this kind of jargon. Other countries have problems too. What has happened here is not so much a pressure for more restrictions, but the arrogant manner of the EEC in general, and the direct negotiator, Mr. Tran, in particular, who is forcing a series of demands on Hong Kong, which it has attacked in many ways.

Japan urge action on problems in shipbuilding

TOKYO, Nov. 7. **JAPAN** today called for international co-operation to overcome serious problems in the world's shipbuilding industry, such as the closing of yards, cuts in working hours, and the loss of jobs. Mr. Morioka, Minister of the Foreign Affairs Bureau, said that the Organisation for Economic Co-operation and Development (OECD) meeting here, "the maintenance of international co-operation, as well as efforts to individual countries, cannot be over-emphasised." Mr. Morioka, who also elaborated, was opening a meeting of 14 nations, shipbuilding nations and members of the OECD. He also said a close watch must be kept on shipbuilding advanced by third countries, such as South Korea and Yugoslavia. The three-day working party meeting was expected to focus on shipbuilding policies of OECD nations and measures to deal with increases being made by smaller nations. Foreign Ministry said.

Arab-Europe business increase move

By Our Own Correspondent. **TUNIS**, Nov. 7. **THE Arab-European Business Corporation Committee** ended its two-day meeting in Tunis, marking a further step providing conditions for talks between British, Swiss and other European financiers and the Arab world. The Arab-European Business Corporation Committee, which started in October 1976 at the meeting of the Arab-European Business Corporation Symposium in Switzerland, to create a centre of contacts for co-operation between the Arab world and European businessmen. Great Britain is represented by a number of banks, including the Midland Bank, the Bank of the Middle East, B. S. Leys Bank International, Sharjah Investment Group and others. It also includes Swiss, Spanish, Belgian, French and Greek banks. The Arab wing of the committee consists of Egypt, Kuwait, Sudan, Morocco, Tunisia, Mauritania, Saudi Arabia and the Emirates. Prof. Zuhayr Mikdash, a secretary-general of the committee, explained that it provides an opportunity to plan and discuss mutually beneficial projects. The committee is also to gather and disseminate information relating to investment, loans and changes in Arab and European countries. Prof. Mikdash added that the major preoccupation of committee members will be to plan a major biennial symposium which will cover all major areas of business and economic co-operation in Europe and the Arab world. The committee came into being through the European Management Forum in Geneva, a non-profit foundation under the supervision of the Swiss Federal Government, which has been fostering contacts between leading European businessmen for the past eight years.

Suez Canal loans

Japan will extend a ¥25bn loan to Egypt to help finance the Suez Canal expansion project, the Japanese Foreign Ministry said. The loan, to be extended by the Government Finance Agency, will be repayable over 25 years, including a seven-year grace period with an annual interest of 3 per cent, it said.

Irish credit

The Export Credits Guarantee Department has guaranteed a \$3m. line of credit which will be used by the Irish Supply Board, Irish Supply Board, to place contracts in the EEC.

November 1
Japan action problem ship
Arab-Egypt business increase
By Our Own

مكنا من الأهل



Like the time one of our representatives showed a harassed businessman the way out of Glasgow. He literally got into his own car, and with the man following in his Avis car, guided him to the outskirts of the city.

Like the time a visiting American left an expensive camera and 10 rolls of used film in an Avis car at Dover. Our staff there made sure it was delivered to London the

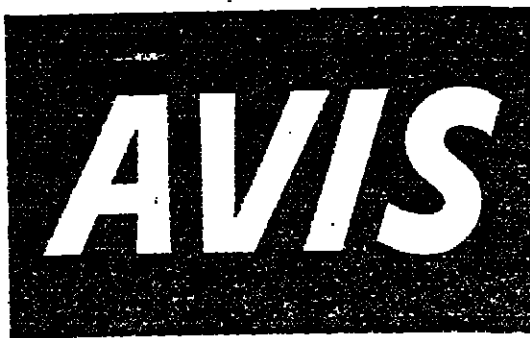
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HOME NEWS

North Sea options loophole being closed

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT has found that an aspect of its North Sea oil policy may be breaking the Restrictive Trade Practices Act—and has introduced a Bill to close the possible loophole.

The problem concerns State participation terms that are now being negotiated by the Department of Energy and the British National Oil Corporation with offshore oil operators.

Each of these participation agreements gives the corporation an option to buy up to 51 per cent. of a field's output, although some companies, with U.K. refineries like BP, Shell and Esso, have won the right to buy back at least a portion of this option crude.

It is estimated that within a few years the State oil corporation could control about half the North Sea's crude production, either through its option agreements or through its equity interests.

The Energy Department has been concerned that the option agreements might be contested under the Restrictive Trade Practices Act. It is understood that a number of oil industry lawyers have also come to this conclusion.

So far, however, the participation agreements have not been challenged. And it is pointed out in Whitehall that the Restrictive Trade Practices Act is primarily concerned with safeguarding the public interest against agreements signed by two or more private companies.

The Act, it is said, ignores the wider national interest in which a State oil corporation is involved.

The department said yesterday: "Since participation agreements have been negotiated by the Government to secure a broad national interest it is not necessary, nor would it be appropriate, to have them subjected to a separate determination against standards specifically designed for a wholly different purpose, namely the limitation of undesirable collusion between trading enterprises."

The effect of the two-clause Bill would be to remove any risk of the Government being taken to court by providing for the Energy Secretary, Mr. Anthony Wedgwood Benn, to certify a deal as a bona fide participation agreement.

This would absolve the Restrictive Practices Court from being involved.

It is understood that the Energy Department is confident that participation agreements in no way conflict with the Treaty of Rome articles dealing with distortion of competition.

Nevertheless, the European Commission has been monitoring the participation deals con-

cluded by the Government and offshore companies. Participation agreements are seen by the Government as a "key part of the strategy for securing the national interest by asserting greater public control over U.K. Continental Shelf petroleum."

Apart from providing the corporation with options to buy large quantities of oil—options that are expected to be exercised—the agreements give the corporation access to information about all the commercial fields, a State seat and vote on oil field operating committees and, in some cases, facilities for training corporation staff within major oil groups.

So far, detailed agreements have been signed with BP, Gulf, Continental Oil, Ranger, Texaco and Tricentrol. Outline agreements have been signed with a further 35 companies.

Bilton to contest petition

BY JOHN BRENNAN

A WINDING-UP petition has been issued against the £56m. industrial property development group, Percy Bilton, on the strength of a disputed contractors' bill for just £599.20p.

Longcourt, a small private building contractor, claims that Bilton has not paid it for work on one of the property group's developments.

Rather than pursuing the claim through County Courts, Longcourt invoked sections of the 1948 Companies Act and was granted a winding-up petition on the argument that Bilton was unable to pay its debts.

Bilton, which disputes Long-

court's claim and which, with £738,000 cash in hand at the time of its last accounts in December 1976, finds it hard to take the petition very seriously, was granted an injunction last Thursday postponing the winding-up order until yesterday.

In the High Court yesterday, Longcourt asked for, and was granted, 14 days' grace before being called on to prove its petition.

Meanwhile, Bilton remains adamant that Longcourt's claim will be contested and the group is a little astonished to find itself forced to defend a full fledged winding-up order over such a relatively small claim.

Retail sales drop in September, but credit goes up

BY STUART ALEXANDER

RETAIL SALES dipped in September from the high level of £1.18bn. 12 per cent. more than in the second quarter with both groups of lenders up by 12 per cent.

Although the weekly average value of retail credit sales in September was only slightly higher than in August, durable goods sales ended the quarter 10 per cent. higher.

Department stores increased sales by 20 per cent. and other credit retailers, including mail order, by 12 per cent in the same period.

Overall, however, the durable goods shops increased sales by 5 per cent., showing that more people were asking for credit, while other non-food shops including department stores and mail order, recorded sales increases of 4 per cent. compared with the second quarter.

HIRE PURCHASE CREDIT AND RETAIL SALES (seasonally adjusted)

	New credit granted by Finance houses Retailers	Total debt outstanding (continued)	Retail volume (revised) Total (1971=100)	Durable goods share
1976 1st	340	502	2,297	107.3
2nd	382	491	2,363	107.6
3rd	393	524	2,465	108.9
4th	420	538	2,662	108.5
1977 1st	480	557	2,737	105.0
2nd	489	568	2,865	103.9
3rd	547	635	3,054	106.8
January	135	189	2,661	106.7
February	157	185	2,691	105.7
March	168	183	2,737	103.1
April	154	195	2,782	103.4
May	171	187	2,836	104.4
June	184	186	2,865	103.8
July	167	200	2,906	107.0
August	201	216	2,964	107.3
September	183	219	3,055	106.2

Source: Department of Trade.

Coal must compete, Benn insists

COAL must be able to hold its markets by offering competitive supplies, Mr. Tony Benn, the Energy Secretary, said yesterday.

Mr. Benn, who was speaking at a lunch given by the Coal Industry Society, was flanked by Mr. Joe Gormley, president of the National Union of Mine workers, and Sir Derek Eagar, chairman of the National Coal Board, neither of whom made public statements.

Mr. Benn carefully avoided any controversy. He said that it was essential to all in the industry that it should be viable and efficient. The problem of making it so had been recognised in 1974, when the Plan for Coal had been agreed between Government, NCB and unions, and when it had been recognised on all sides that productivity must improve.

"The productivity scheme has been rejected by the miners in a democratic ballot. This is something which must be discussed between them and the Coal Board."

Earlier Mr. Benn repeated his belief in the central role which coal would play in the country's energy policy. The economy was likely to depend on it for the next 300 years.

The British people had been wrongly persuaded that coal could be allowed to decline because of limitless supplies of cheap oil. That was a dangerous course, in addition to decline in oil stocks, there were unsolved problems over nuclear power.

300 years

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Mr. George Park, a Coventry house, 30, Old Queen's St. MP and Parliamentary Private Secretary to Mr. Varley, was SHP.

MPs to raise Chrysler future

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

A GROUP of Midlands MPs will meet Mr. Eric Varley, Industry Secretary, today to seek assurances about the future of Chrysler.

The move follows representations from senior shop stewards at the Chrysler engine plant, Coventry, who are worried that problems caused by the damaging two-week strike at Linwood could place jobs at risk.

Production was resumed at Linwood yesterday, but the 7,000-strong labour force will need to raise output dramatically for the company to prevent losses going beyond £20m. this year.

Linwood must consistently achieve production of around 70 to 80 per cent. of target between now and the end of the year. Before the strike output was lagging at around 50 to 60 per cent.

The company insisted last night that the required levels were possible. "There is a determination within Chrysler that losses will not exceed £20m."

Chrysler UK's sales forecast for 1977 is £300,000 for 1977, a profit of £15m. In the years because of the first nine months. Under the terms of the rescue negotiated in December 1975, the Government is committed to pay half the losses up to a limit of £10m. The agreement is silent about what happens if the deficit moves above that level, but the Government view is that the U.S. parent company will cover any shortfall.

There will be a slight setback in the Department of Industry to grant further funds to Chrysler.

Under the agreement, the Government is committed to pay half of any losses up to £10m. next year, and up to £10m. in 1978.

Mr. George Park, a Coventry house, 30, Old Queen's St. MP and Parliamentary Private Secretary to Mr. Varley, was SHP.

NEWS ANALYSIS—TELEVISION RENTING

Brighter view of the box

BY MAX WILKINSON

THE FIRST question raised by Philips' offer for the Visionhire television-rental company yesterday is why Philips should want to go back into the rental business so soon after selling out of it.

It was in January last year that Philips sold the Loyds retail group, which went to Visionhire for £200m. The sale comprised 180 outlets and 182,000 sets.

Visionhire is owned by the Electronic Rentals group at present capitalised at about £30m. Philips yesterday increased its holding from 29 per cent. to just over 30 per cent., which meant that under the City's takeover rules it automatically had to make a bid for the remainder of the shares.

When Philips sold Loyds, the television market was depressed and retailing, particularly, was suffering from the double effects of the "luxury" 25 per cent. VAT rate and the fall in consumer spending.

Philips group, which now includes the PRC consumer electronics operation, is producing an estimated 350,000 sets a year in the U.K. Between 80,000 to 100,000 probably go to Visionhire. Philips has been suffering quite severely from over-capacity and has made considerable cuts in manufacturing.

Competitors believe that most Visionhire sets already come from Philips—probably up to 50 per cent.—so a full take-over would be unlikely to make a great deal of difference.

Many people in the rental business were worried about future prospects as colour sets became more and more reliable.

The main uncertainty was whether many people would switch to buying sets when they realised that it could be cheaper, even including insurance against tube breakage.

Faced with this uncertainty, Philips hedged its bets by increasing its share in Electronic Rentals from 25.8 per cent. to

just under 30 per cent., the maximum allowed without a full takeover.

Since then, the fortunes of rental companies have begun to look healthier again. At the beginning of the year the rental companies accounted for about 55 per cent. of the new colour television placements, rather than the 60 per cent. reported by the Price Commission report.

But in the later part of the year the companies have been doing relatively well and are expected to have moved back to the 80 per cent. level.

The total U.K. market for colour sets is estimated at about 1.6m. a year, but manufacturers are running their factories at only about 80 per cent. of capacity.

Another point is that, as more viewers choose colour, the remaining market will consist of people with incomes who are naturally attracted to rental.

Rental companies are also considering the longer term in which a large variety of consumer electronics products are likely to be plugged into television sets.

Electronic games, video systems which convert the received words instead of tapes and video-tape recorders are already on the market. As yet, the rental companies have not exploited the new fields to any large extent. There is plenty of opportunity here for them to gain a

because of the position of its lease of life.

Teletext

Bets hedged

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هكزامن الاصيل

HOME NEWS

Fisons expected to seek fertilisers price rise

KEVIN DONE, CHEMICALS CORRESPONDENT

Fisons has been partly responsible for the recent rise in the price of fertilisers because it is the only company in the world which produces its own ammonia. The company has been expected to apply to the Civilian Control Commission for a substantial increase in its fertiliser prices. The move would be the first reaction by a hard-pressed manufacturer to the inflation of Imperial Chemical Industries' controversial long-term supply contract for natural gas.

The company has not yet been asked by ICI to renegotiate its ammonia supply contract, which was geared to the cost of ICI's gas supplies.

Fisons could seek general increases of about 10 per cent and nitrogen fertiliser increases of 20-25 per cent. Any rise allowed by the Price Commission is likely to be spread over the following 12 months.

Fisons has already had two fertiliser price rises this year—in June and January. The last averaged 6 per cent, but was considerably higher for nitrogen fertilisers. ICI prices for nitrogen fertilisers have also risen about 20 per cent this year in two stages. Increases often take a few months to work their way through to the market as many farmers stock up when increases are imminent.

In another development Fisons is planning to increase its ammonia storage facilities by expanding its base at Immingham. Some years ago it decided against investing in its own ammonia plants. It now has ammonia from ICI. It takes the entire output of ICI's 180,000 ton a year plant at Immingham and buys the rest on world markets.

Redundant workers go back to Methil yard

FINANCIAL TIMES REPORTER

REDUNDANT WORKERS from two years for something like Redpath Dorman Long's oil platform construction yard at Methil, Fife, began returning to work yesterday as the company prepared to start on a new North Sea structure.

As the first of the 46 employees attended a briefing on the new Tartan Field platform which the yard is to construct in conjunction with UIE, of Cheltenham, Redpath Dorman Long's North Sea director and chief executive, Mr. Ian Munro, spoke confidently of the future.

"This contract which we shall be working on in close liaison with the French company will give work for a year to about 500 men who will all be on site by January."

"But I am highly confident of winning another order which would mean work for the next

Private house building improvement continues

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

A CONTINUING improvement in the private sector house building output is reflected in figures released by the National House-builders' Council.

According to the council, the housing contractors started 12,889 homes last month.

The figure was marginally lower than starts recorded by the council in September, and considerably lower than the official figures for the same month, but the performance represented a 13 per cent improvement on October last year.

The council said completions had fallen to 11,846, however, a 5 per cent drop from October last year. In September the council recorded just over 13,000 completions. The Department of the Environment put the provisional figure at 12,900.

The latest statistics show housing starts in the private sector have been running steadily at 11,500-12,500 a month for the four months to the end of October, well above the very low figures recorded in the first part of this year.

The council said that the encouraging trend reflected the return of some confidence to the private house building sector, although it remained cautious about the prospects for next year.

"The results for the winter months ahead should give a better picture of whether builders are able to respond to

Refrigerator deliveries drop by 10%

Financial Times Reporter

ONLY 54,574 domestic refrigerators—British-manufactured and imported—were delivered to the home market in August, 22 per cent fewer than in August last year.

In the first eight months of this year, according to the Food Freezer and Refrigerator Council, deliveries to the home market were 10 per cent lower than in the same period of 1976 at a total of 485,802 units.

A total of nearly 20,000 domestic refrigerators was exported to overseas markets in August, valued at £1.2m, and during the first eight months of the year 168,906 units were exported, valued at more than £10.5m.

In the freer sector, 43,786 units were delivered to the home market in August—25 per cent lower than in the same month of last year. But deliveries during the eight months, at 554,947 units, were only marginally below the total in the same period of 1976.

By contrast, there was a further increase in demand for fridges-freezers during August with deliveries to the home market, at 38,683, 48 per cent higher than a year before. During the eight-month period deliveries, at 402,691, were 48 per cent above the level of the same period in 1976.

Exports of fridges-freezers during the first eight months of this year amounting to 14,734 units, were valued at £1.4m.

Tougher drink rules hint by Ennals

STUART ALEXANDER

THE most serious pointer to the future of the drinking and alcohol industry was hinted at yesterday by Mr. Ennals, Health and Social Security Secretary.

Ennals said that random tests with a lower alcohol content would be a tougher code on advertising and the possibility of a warning on bottles of wine all being considered.

He was launching a £170,000 campaign against alcohol abuse in the north-east, the south and the west. He said that the problem is that the problem is the year by year.

He told his audience in New York that beer consumption had gone up by 50 per cent in the last 20 years, and wine by 300 per cent, and spirits by 400 per cent.

He said that the Government has made provisions for drunkenness, about £60,000 available to Action on Smoking and Health, the anti-smoking group, to send out, advisory literature on how to give up smoking.

Call to keep up training of environment experts

FINANCIAL TIMES REPORTER

THE IN requirement of training of environmental health officers could lead to serious shortages in the future, Mr. Eric Wake, president of the British Association of Health Officers, said yesterday.

He told the association's annual conference in Harrogate that the present severe financial restrictions and "strict" control of health officers may be a "requisition to cut back" on training and research.

He said that the association is laying up serious trouble in when, as the demand for environmental health officers improves, there will be a shortage of officers to meet the demand.

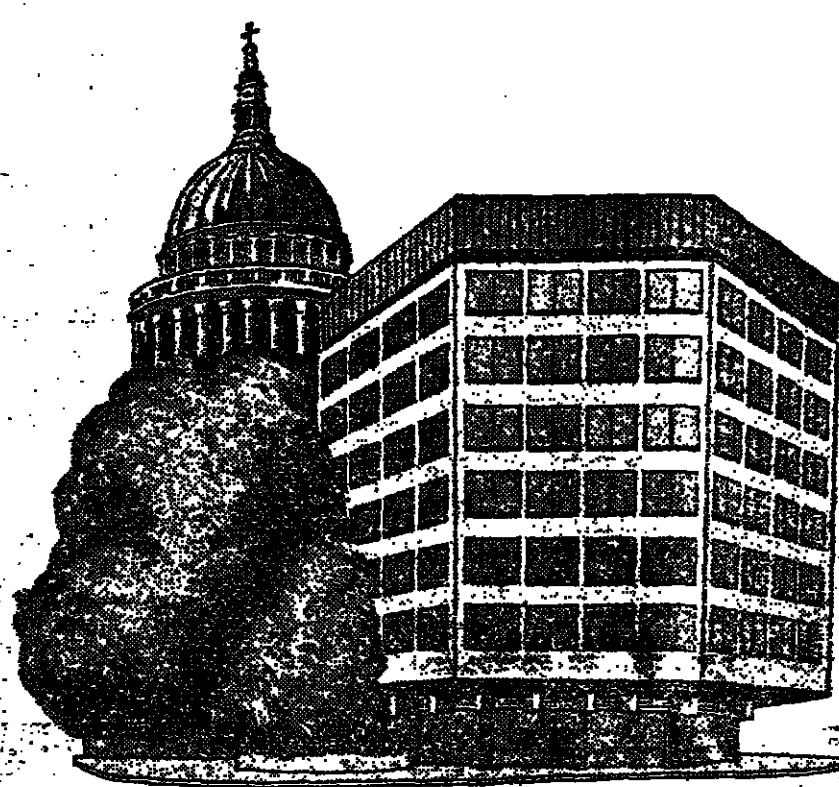
He said that the association is laying up serious trouble in when, as the demand for environmental health officers improves, there will be a shortage of officers to meet the demand.

NP plans break up of royal estates

THE ROYAL Family would be expected to sell large amounts of land, particularly in Scotland, under the Scottish National Party's policy for an independent land, which was published yesterday.

Large estate owners in an independent Scotland would have to sell their land either to the tenants or the Land Commission, whose job it would be to implement the new policy, said Miss Teubel Lindsay, vice-chairman for the party.

Owners of large estates would be prohibited from acquiring more land and would not be allowed to bequeath it.



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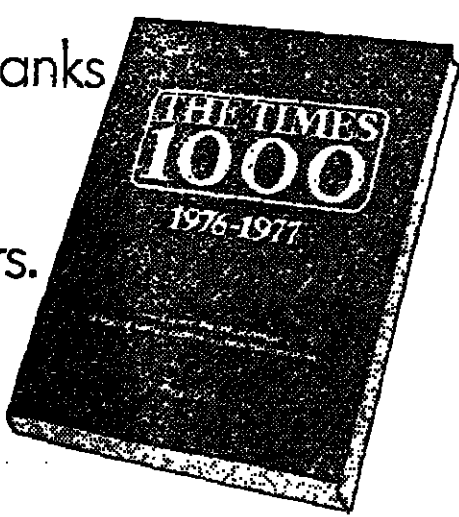
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Merchant Navy officers in productivity talks

BY NICK GARNETT, LABOUR STAFF

MEETING between shipowners and union officials representing the Mercant Navy officers, who are being balloted on strike action for a wage claim is due to-morrow to discuss productivity deals.

The meeting follows suggestion by the Department of Employment that both sides should consider productivity payments.

One shipping company, Canadian Pacific, has made a go-along productivity deal for its officers.

The Mercant Navy and Airline Officers' Association, by far the highest union among the officers, believes that productivity deals of the Canadian Pacific type would ward off any industrial confrontation between the 45,000 officers and the shipowners.

The result of the association's ballot will be known in January. It springs from the shipowners' refusal to go beyond a Phase Two offer.

Industrial action involving refusal to take ships out of port would be extremely damaging to shipping companies.

The Canadian Pacific deal gives Phase Two rises, backdated to June 1 for 700 officers, with productivity pay increases. Linked to a fringe benefit, from October 1.

The total package, including Phase Two increases, would increase pay by between 14.5 and 22 per cent, with no Canadian Pacific officer seeking less.

There are no all-captains' bargaining more than £10,000. The scheme is based on

planned savings resulting from fewer officers than agreed; complement; working practices; and pay for added responsibility. There are better arrangements for some senior and consolidation of pay on a world wide basis for time."

Canadian Pacific said it negotiated the deal because officers felt it was essential to get the other companies involved. The company was expanding rapidly and would be extremely vulnerable if it could not get Mr. John Newman, the union chief negotiator, said the unions representing officers see no reason why a scheme on similar lines could not be initiated throughout the industry.

Booksellers assistants win 12%

BY ALAN PIKE, LABOUR CORRESPONDENT

Miners: Talks ruled out

THOUSANDS of civil servants will stage a half-day strike over pay to-day despite open divisions among the Civil Service unions about the wisdom of the action.

Civil Service unions are due to meet tomorrow afternoon, seeking to have the pay research system of determining their members' pay—suspended since the start of the Government's incomes policy—restored immediately.

The Society of Civil and Public Servants, breaking ranks from the other unions, has told its 105,000 members to stop work over the issue to-day, although negotiations with the Government are not yet under way.

The bitterness which the union's unilateral action has aroused was shown yesterday in a letter by Mr. Bill McCaff, general secretary of the Institution of Professional Civil Servants, in response to a request that its members should not cross the strikers' picket lines.

Mr. McCall told Mr. Gerry Gillman, general secretary of the society, that in the circumstances the request was "astounding." If other unions or the national staff side of the Whitley Council agreed not to cross picket lines it would, in effect, enable the society to secure a strike by the whole Civil Service.

This is completely unacceptable to the society, and indeed to preposterous when the society has taken unilateral action on national staff side negotiations."

If the society would like the cooperation of other unions "it might bear in mind that this would be a cooperation from the society."

Despite the criticism from other unions the society reaffirmed that to-day's action would go ahead. Among staff to be called out are customs and excise inspectors. Mr. Gillman urged the Government to close air and sea ports for four hours.

ANOTHER WAGES committee awarded a pay increase well above the Government's 10 per wage limit—this time to assistants working for sellers and stationers.

A provisional settlement giving thousands of workers under the Booksellers and Stationers Wages Co. increases of about 12.9 per cent for the current year follows of 12-13 per cent, awarded the Agricultural Wages at the end of last week.

Low pay is a common denominator for both groups: their special vulnerability to cost-of-living rises is seen in justification for pay increases above the national guidelines.

Book shop assistants' basic averages about £31 a week, parents with about £29 a week, the farm workers.

The book shop assistants' wages are based on the cost of living index, which is the same as the one used for the farm workers.

Export credit sanctions attacked by MPs

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

"Mr. Dennis Skinner (Lab. Bolsover) wondered what criteria were being used. On the one hand the Government had tried to force a rise in Northern Ireland paying a minor wage increase, while allowing some companies to increase prices by 15 or 18 per cent.

He added that the Government had also failed to take action against the chairman of Wedgwood whose salary had gone up from £75,000 in 1975 to £130,000 this year.

Mr. Nott returned to the attack pointing out that the Act was never intended to be used for this purpose. If the Government had the powers, they should come to the Commons to seek them openly.

But Mr. Dell said there was no question of abusing the Act. It was clear that judgment of the national interest included the inflationary effects of some pay settlements.

Concorde flight

Work-to-rule campaign hits Lucas factories

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

JACAS ELECTRICAL, which is recovering from a damaging loss of work strike by toolworkers, was back yesterday by an unofficial work-to-rule by production workers.

The company said last night that the action was not having any effect on output although the impact had varied from plant to plant. About three-quarters of the 12,000 production workers are supporting the protest.

Negotiations with the trade unions are continuing and a meeting between shop stewards and management is scheduled for tomorrow.

A number of unions have submitted pay claims ranging from 10 per cent to 27 per cent. Negotiations are part of the annual wage round scheduled to start in September.

The company has offered a general increase within the limits of Phase Two, and has also offered a forward self-financing programme.

present dispute centres on the Leyland Cars, efforts being continuing last night to resolve the strike by 1,500 workers at the Speke plant near Liverpool. The dispute has caused a total of 3,000 lay-offs there and at the Triumph plant in Caeley near Coventry. Production of the new and Daimler 1000 cc motor has been halted. The Maxi and Princess lines at Cowley, Oxford, are also at a standstill because of a shortage of components from Smith's Industries and 2,600 men have been made idle.

A formula and the crafts-union approach, which has halted Vauxhall production will be recommended by shop stewards to a mass meeting to-morrow.

The company has offered top-grade skilled workers a 3.44 per cent supplement to be paid for the next 12 months and are offering a 10 per cent increase in productivity. Vauxhall craftsmen are demanding action to improve their pay position in relation to

passed. It is, however, uncertain whether the changes in a wage contract will be made after a year has been reached.

Substantial

Both the farm workers' and the bookshop assistants' unions are expected to strengthen their hand of unions negotiating more than 1m. manual workers in the country who are expected to receive a 20 per cent for their annual settlements in 1974.

The unions have been a force for a "substantial" increase in a "weekly" income with a £50-a-week limit which would mean 28.8 per cent at the lowest level.

Mr. Bernard Dix, deputy general secretary for the National Union of Public Employees, said last night that the manual workers' average for 1973-74 was even higher for the farm workers.

Concorde flight confidence

BY RUPERT CORNWELL

THE GOVERNMENT is set to survive comfortably its first voting challenge of the new session at Westminster when the Commons divides on Wednesday evening on a Tory amendment after five days of debate on the Queen's Speech.

It is hardly the new legislative programme offers the Opposition to chew on and reflect in the vague wording of the amendment, which merely regrets the absence of proposals to generate long-term business confidence, reduce unemployment and "create prosperity in which all can share."

As such, it is an oblique compliment to the Liberals on their success in keeping controversial measures out of the programme, as well as a sign of the increasing proximity of a general election.

Although the Government is in an overall minority of five, it can count on Liberal support under the renewed pact.

Mr. Dell emphasised that on several occasions the Government had made it quite clear that pay guidelines could be a factor in considering applications for export credit support. So far, he said, he had turned down 11 in respect of only two applications. These concerned James Mackie and Sons of Belfast textile machinery manufacturers.

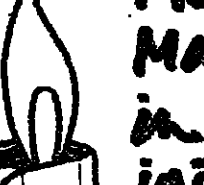
The Trade Secretary denied the accusation from Mr. Tom Arnold (C. Hazel Grove) that it was an improper use of Government money.

Another questioner wanted to know why James Mackie had its application turned down while

Dell warns of Japanese car

Telex delays continue

BY OUR LABOUR STAFF



Monsieur Callaghan et
Madame Thatcher come
in for beaucoup de stick
inévitablement. But
Le Cricket lighter isn't one
to poke le fun or fait le
satire. Regardez-Le Cricket
bien for le wing droit,
Le Cricket rouge for le wing
gauche - even le Cricket
orange for Monsieur Steel.

Le CRICKET

Dell warns on scale of Japanese car imports

MR. EDMUND DELL, Trade Representative of the Commonwealth of Massachusetts, said that he was very surprised that there was very little Japanese penetration of the British car market.

Over 50 per cent of new private car buyers were buying imported cars. "If we are going to deal with import penetration, we have to produce more cars in the U.K. and offer customers more reliable supplies," he declared.

Mr. Dell recalled that an understanding had been reached between the Society of Motor Manufacturers and Traders and the Japanese Automobile Association that the level of market

scale of imports

penetration this year would not be significantly different from last year.

On present figures, this was going to be difficult to achieve. It had impressed upon the Japanese Ambassador the dangers of the situation.

Mr. Dell also said that British exporters to Japan faced barriers which made it difficult to penetrate the Japanese market, not only for cars.

It was vital that the Japanese brought their trading account into balance. Otherwise, whether from this country, Europe or America, there would be a reaction.

General import controls rejected

MR EDMUND DELL, Trade Secretary yesterday rejected the use of selective import controls as a "cover" for a general import control policy.

Selective controls were used in a number of areas, Mr. Dell told the Commons. But he added: "The Government would oppose any attempt to use selective import controls as a guise for covering a policy of general

Controls rejected

Import control which we reject."

He was replying to Mr. Ioan Evans (Lab., Aberdare) who asked what action the Government planned to increase exports and curb imports.

The Government should start a campaign to "huy British," Mr. Evans added. Mr. Dell said the Government was encouraging British industry to huy from within the U.K.

'No' to Slater Walker inquiry

NO FURTHER inquiry into the Slater Walker affair was justified. Mr. Clinton Davis, Trade Under-Secretary, said in the Commons yesterday.

He told Mr. Marcus Lipson (Lab., Lambeth C) that considerable inquiries had been made by the accounts department by the

Walker inquiry

ACAS puts its case to Lords

E EFFECTIVENESS of the Advisory, Conciliation and Arbitration Service as a promoter of industrial relations depended on the outcome of the use of Lords appeal in the unwick case. Mr. Denis Henry, solicitor, undertakes

s its case t

o Lords

Women's plea on training

TRAINING opportunities for women in engineering are well below ten years ago, due to the national women's organization of Engineers' Amalgamation of Engineers' section, said yesterday.

TASS is organising a campaign to increase training opportunities with special emphasis on needs of women and girls. It will be seeking negotiations, employers on training issues in attempt to avoid severe shortages of skilled staff. There is an economic upswing.

TASS says its own research shows that paid release training in engineering

هكذا من الأصل

SAFIC



Directors: S. Borsook (British) (Chairman and Managing Director); K. Gross; J. Mincer; L. Mincer; D. H. Shapiro; N. Werlman.

Saker's Finance and Investment Corporation Limited

Interim report

A comparison of new vehicle sales by dealers in the Republic for the six months ended 30 September 1977, with those for the same period of 1976, shows a continued decline of 15.3%. In the circumstances, the results for the first six months of the current financial year show a reasonable improvement over those for the corresponding period of last year. As was indicated in the last annual report of Saker's Finance and Investment Corporation Limited, this has been assisted by the introduction of new passenger car models by Mercedes-Benz and Volkswagen, and material savings in interest charges and operating costs.

The group's liquidity has continued to improve from the already satisfactory position at 31 March 1977, and it is expected that this trend will continue. Management's attention has now been concentrated on improving the return on assets employed and there have been satisfactory results in this regard in certain of the Group's corporations.

The outlook for the motor industry during the second half of the financial year shows no sign of improvement and it is expected that new vehicle sales will continue at their current low level. As Saker's Finance and Investment Corporation Limited has not declared an interim dividend, your board is not in a position, at this stage, to consider the declaration of a dividend. However, Saker's Finance and Investment Corporation Limited has indicated that provided the improvements of the first six months are maintained, it should be possible for that company to declare a final dividend of 5 cents per share. If this happens, your company will then be able to pay a dividend of 4.5 cents per share.

Unaudited consolidated group profit

	Six months ended 30 September 1977	1976	% Change	Year ended 31 March 1977
	R'000	R'000		R'000
Turnover	57 455	62 465	-8	117 349
Net operating profit before tax and interest	1 735	1 769	-2	3 433
Less: Tax	748	815	-8	1 586
Net profit before interest	987	954	-3	1 837
Less: Interest	105	138	-24	210
Net profit after tax before interest	1 082	1 092	-1	2 047
Less: Interest after tax	578	692	-16	1 319
Net profit after tax	1 015	1 252	-19	2 445
Less: Outside shareholders' interest and preference dividends	437	581	-25	1 148
Earnings for ordinary shareholders	578	671	-14	1 297
Number of ordinary shares in issue	4 787 030	4 787 030	—	4 787 030
Per ordinary share				
Earnings (cents)	6.25	4.70	+33	5.52
Percentage of Saker's Investments Limited shares held	67.7	65.5	—	65.4

For and on behalf of the board

S. Borsook | Directors

J. Mincer |

By order of the board

Saker's Management

Company

(Proprietary) Limited

Secretaries

Per: P. R. Glendinning

2001

31 October 1977

Johannesburg

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WESTINGHOUSE URANIUM ACTIONS

RTZ stands in the shade

WHEN THE Law Lords retired last week to consider their judgment on a series of appeals brought by Rio Tinto Zinc Corporation of the U.K. and Westinghouse Electric Corporation of the U.S., they were faced with the task of deciding whether RTZ directors may give evidence in what is likely to be the most expensive private litigation ever launched in the U.S.

The litigation centres on whether Westinghouse should be excused from honouring uranium supply contracts it entered into and to what extent, if at all, Westinghouse was the victim of conspiracy which prevented it from having access to the supplies it needed. In September 1975 the group invoked the legal doctrine of "commercial impracticability" under the U.S. Uniform Commercial Code as a reason for not supplying 80m lbs of uranium, 65m lbs of which it did not have in any case.

This action set off a number of proceedings and accelerated the pace of others. The main proceedings, both legal and political, are:

● In the U.S. District Court at Richmond, Virginia, Judge Robert Merhige is trying a consolidated series of actions brought by power utilities claiming that Westinghouse had an unconditional obligation to meet the supply contracts. This could cost Westinghouse \$2bn.

Originally 27 utilities brought suits against Westinghouse. Four have settled out of court, four are holding back from action and watching the proceedings, three are suing in Sweden, and the remaining 16 are taking part in the Richmond trial.

● In October 1976, Westinghouse filed a suit in the U.S. District Court of northern Illinois against 29 U.S. and foreign uranium producers, including RTZ group companies. The suit seeks treble damages, that is three times the

amount Westinghouse seeks to prove was lost to it by the activities of the producers—or about \$6bn. The action charges that an international cartel conspired to fix uranium prices and to deny Westinghouse access to supplies. Hearings have not yet started.

● The U.S. Department of Justice started its own internal investigation into uranium price fixing in 1975, and then in March 1976 formally initiated grand jury proceedings to enquire into the possibility of the international uranium industry breaching U.S. anti-trust regulations.

● At the political level, the U.S. House of Representatives Oversight and Investigations Committee has been holding hearings about the international industry. The main relevance to the litigation is the light which has been thrown on the actions of producers between 1972 and 1975, mainly by the testimony of officials from Gulf Minerals Canada, a subsidiary of Gulf Oil. The Senate has not held hearings.

Critical role

The different legal proceedings reflect the significance of the cartel in Westinghouse's defence. This has emerged since its original declaration of 1975. "The cartel argument is not even raised in the initial Westinghouse documents justifying its actions," wrote one analyst. Professor Paul Joskow of the Massachusetts Institute of Technology, in the Journal of Legal Studies.

Once the cartel argument is raised the role of RTZ becomes critical. Westinghouse wants RTZ evidence at the Richmond trial, and it has been arguing the case for it through the English Courts.

The arguments of RTZ, on the other hand, include the sug-

gestion that such evidence could also be used in the Illinois court. The U.S. Department of Justice wants the Richmond evidence for its own grand jury proceedings.

The present situation, however, has more distant origins than the collective conduct of the international uranium industry in the early 1970s.

Westinghouse, the 33rd largest corporation in the world, is a major manufacturer of nuclear power plants. Between 1966 and 1974 it offered to power utilities, as inducement to buy its reactors, long-term fixed price contracts for the supply of uranium.

At the time this policy was initiated, there was an embargo on U.S. imports of uranium and the Government had fixed the price of uranium at \$8 a pound. The price remained at that level for spot sales until 1968, and between 1968 and 1973 languished around \$6. The embargo remained in force until this year.

Until 1970 Westinghouse covered its commitments for uranium sales with backing purchases, so that in 1967, for example, it claimed to be the largest private buyer of uranium in the U.S. But around 1970 it ceased to buy uranium to cover what it was contracted to sell.

By September 1973, it has been calculated that Westinghouse was committed to provide in the U.S. alone 58.6m lbs of uranium which it did not have. A month later the price began to move upwards, starting to leave Westinghouse's short position very exposed.

In October 1973 the spot uranium price was \$6.50, a year later it was \$14. By May 1975 it was \$21. Prices for 1980 delivery rose likewise: from \$11.20 in 1973 to \$35 in May 1975. But Westinghouse, which had continued to build up its short position into 1974, had been selling uranium at an average of \$10 a pound.

Furthermore, there was no provision in the Westinghouse contracts for price escalation if the market moved upwards.

Adjustments were only linked to the general level of inflation. There appears to have been an attempt in mid-1974 to renegotiate the contracts, but the utilities rejected the proposals. By the middle of 1975, Westinghouse was acknowledging its difficulty in predicting its ability to provide supplies after 1978. In September it conceded that it could not honour its contracts. Its plea of "commercial impracticability" carries with it the implication that there were "unforeseen circumstances" which made it impossible to meet the obligations.

Westinghouse now says that the "unforeseen circumstances" included the existence of a uranium cartel. The existence of some sort of cartel is now well-established and was not a source of disagreement at the Lord's hearings. The differences appeared in interpreting its activities.

● "Because of the embargo, the activities of the cartel could have no immediate effect on the U.S. domestic market," Mr. Kenneth Rokison, Q.C., counsel for RTZ, said.

● "The complaint by Westinghouse is that this cartel had an effect in the U.S. and was aimed at injuring Westinghouse quite deliberately," Mr. John Vinelott, Q.C., counsel for Westinghouse, said.

Sources of information about the cartel include statements by the Canadian Government, information gleaned in the House of Representatives hearings, and documents acquired by Friends of the Earth from Mary Kathleen Uranium, an RTZ group mine in Australia.

The Friends of the Earth documents have been admitted as evidence at Richmond. Their despatch to the U.S. Attorney General in August, 1976, prompted three things. First it gave Westinghouse the opportunity to claim there was now evidence of the cartel. Second it prompted the suit lodged in the Illinois court and third, simultaneously, in October 1976, the moves started to seek testimony from RTZ directors about the cartel.

The cartel, or "informal marketing arrangements," or "the Club," existed between 1972 and 1975. It brought together producers from Australia, France, South Africa and Canada, thus inevitably involving RTZ and was the subject of government involvement.

A series of meetings dealt with tendering arrangements, minimum price levels and quotas before the rise on the market made the cartel's business irrelevant. But all the arrangements specifically excluded the U.S., which was in any case shut off from the world market.

Hearings in the Richmond court started in September. Judge Merhige has put that the cases are likely to be settled out of court.

Westinghouse outright and then sued its suit in Illinois will be faced with financial burdens. Its last annual report that in the event of directed negotiating a means resolving the dispute the utilities, the cost will be substantial. A partial relief from the cost is received "the financial could be severe." If contracts are to be fulfilled impact "will of course be extremely adverse."

Producers

An example of the cartel's work is contained in a letter sent on August 17, 1972, to the President of the Atomic Energy Control Board in Ottawa by Mr. Donald Macdonald, then the Canadian Minister of Energy, Mines and Resources.

This letter detailed minimum selling prices for uranium contracts with, first, customers in Japan, Korea and Taiwan and second, with all other "end users." It stated that market quotas had been established for 1972-77 giving Canada 33.5 per cent, Nucoor, the South African uranium sales agency, 23.75 per cent, Uranex of France 21.75 per cent, Australia 17 per cent, and RTZ 4 per cent.

Canadian Government state that, however, they stressed the defensive nature of the cartel in the face of the U.S. embargo and the general depression in the industry until 1973-74. The latest came on October 14 from Mr. Alastair Gillespie, the Minister of Energy, Mines and Resources.

"With the exception of two months in early 1974 prices reported in the U.S. market were never less than the minimum agreed prices (of the cartel) . . . It should be noted that the termination in March 1975 of the marketing arrangement—which was said to be between states, should work artificially increasing the price ways. And that is iron—did nothing to slow the just what Mr. Silkin said.

increase in uranium Mr. Gillespie said. Westinghouse rejects comments about the deluge of the cartel. Lords, Mr. Vinelott, that it set out to disclose against "middlemen" and early Westinghouse. The sion should not be left, that the cartel was on outside the U.S. and effect in the U.S. The car been in negotiation with producers.

Refusal to b

In the Richmond court utilities maintained the existence of the cartel material when compare the fact that Westinghouse selling uranium without ing its position. Doc have been produced whi gest that not only was the common knowledge in dusty but that Westi tried to join it through a stake in an Australia venture.

Further, it is charged utilities that in 1973 Westinghouse was offered uranium, refused to buy it. The an offer from Gulf General for 1m lbs at pound and another from Minerals Canada for 5m prices between \$6.90 and a pound.

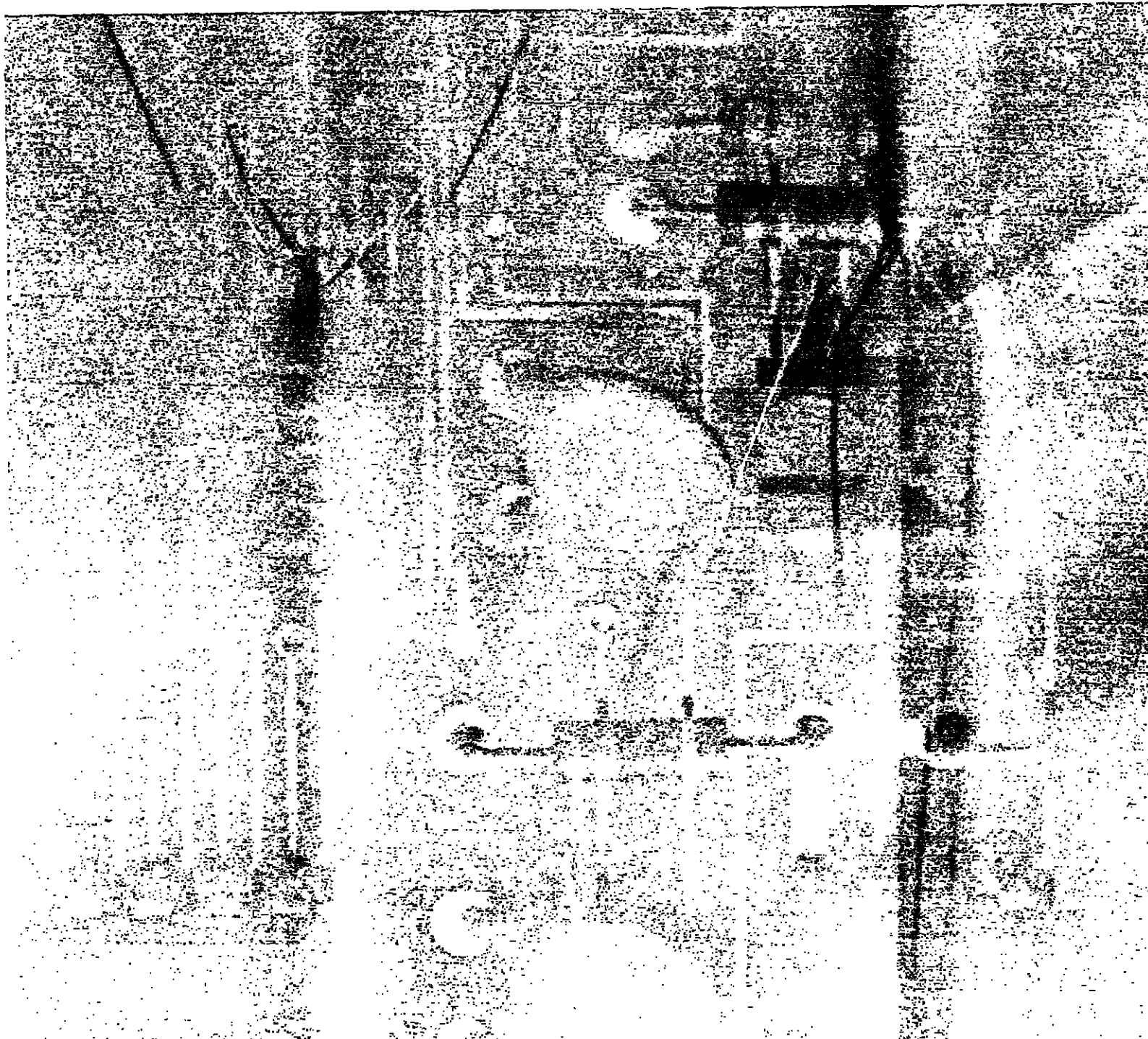
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Whatever the outcome litigation, the affair is ill have wider repercussions: is so because of the invol of governments, which ba lighted differences of c or the way in which th conducts its anti-trust inv tions.

Mr. Silkin has charged U.S. with attacks on i sovereignty, but is rely the courts to protect i nationals from having to anti-trust proceedings i U.S. Meanwhile Canada, tralia and France have bidden their citizens i operate with the U.S. at ties.

In August, however, th Attorney General, Mr. Bell, stressing the "fundar U.S. interest" of the ur investigation—the grand proceedings—said. "It s excuse for deliberately ing blocking legislatio that the termination in March frustrate U.S. anti-trust Comitr. legal co-operatio ment—which was said to be tween states, should work artificially increasing the price ways. And that is iron—did nothing to slow the just what Mr. Silkin said.



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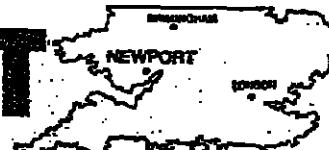
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مكازم الأعمال

Technical Page

QUALITY CONTROL

Bank's 3-D pact with Renault

DRING SHARP competition for British, its particular in the aircraft is estimated for the alone 100,000 units per year.

Taylor Hobson has concluded an agreement under which it will market a series of accuracy 3-D coordinate measuring machines designed by Taylor Hobson Machine Tools in France.

There are very few limitations on Rank company's market and the equipment will complement its large range of surface measurement equipment which has secured itself considerable acceptance in the world markets already.

Keeping with the well-known Taylor Hobson tradition of accuracy and reliability for units in the latter part of the Renamt machines to be sold will be called Talycheck equipment.

A series of the series to be offered by industrial users will be a model now known as MMT 1285 which is a high precision unit having granite slides on all three axes, high stability air bearings and simultaneous digital measurements in all three axes.

Model options include manual, numerical and computer numerical control.

Of the industrial apparatus in Britain and its associated manufacturing plant modernization is beginning to get under way, timing of the Rank decision has been just right.

The Taylor Hobson company at POB 36 Guthrum Street Leicester LE2 0SP. 0533 22803.

INSTRUMENTS

ix colour recorder

PRODUCED by Siemens at the Kumpensgraph Elektrotechnik factory, the K 1000 is an advanced fibre-optic printing head and is silent in operation.

It is able to measure up to six physical or process variables, and has a built-in digital printing volume ink-repeater, a separate colour is available for each channel.

The repetition rate is switchable at four, eight or 30 lines per second. Any one of the six variables can be interrupted at any channel.

the date rate for that channel then being increased by six times.

Recordings are made on 100 mm wide glass perforated paper, with 30 mm of visible curve length on the vertical front panel. Paper speed can be set at 100 to 500 mm/hour, each roll lasting on average for one month.

Front panel dimensions are 143 by 144 mm; the instrument is designed for panel mounting and has an installation depth of 100 mm. More from Postfach 21, D-7500, Karlsruhe 24, West Germany.

CONSTRUCTION

iercing hard rock

USE in hard-rock tunnel excavation, demolition and lining projects, a hydraulic rammer has been introduced which is designed to counter conditions that normally would allow drilling equipment to feed, such as locations where a limit of the environment is hazardous.

Developed by the special purpose group of Gullicek Dobson punch operators at a work pressure of 15,000 psi and a maximum capacity of 100 lbs., the rammer has a typical maximum hole size and material combine to be 20 mm. diameter through 1 mm. thick BS 4380 steel

adhesive (resorcinol, formaldehyde). The mullions and laybars are, of course, straight timber, as are the glass rebars on the boards. The curve of the boards is to standard bow window radii.

The maker says these windows are so strong that even when laid flat they will support a considerable weight. The bow windows are also much cheaper—about 30 per cent, less than the conventional type. More on 0484 722202.

0484 722202
0484 722202

Condensation deterred

It takes holes concrete

weight, rolls are on hand tool for drilling up to 12 mm diameter in concrete and masonry has been developed by Impero of West Germany.

The 530-watt motor is protected by a thermal overload switch, and among other safety features is a circuit breaker to bit jams, prevents transition of the striking load to bearing and motor.

thermal insulation and water absorbing properties. It is non-toxic and not inflammable and is thinner and cleaned with water.

Especially suitable for profiled roofing sheets, the material is being marketed under the brand name Grafo-Therm FG 777 by Shane Chemicals, 6 Arden Grove, Harpenden, Herts. (05827 61209).

Cheaper bow windows

At the heavy-duty end of the compressor are the water-cooled V-type, with no complex foundation requirements. Capacities are from 750 to 1000 cfm. The medium-range provides capacities of 300, 420 and 600 cfm, at pressures up to 150 psi. For both ranges, load control, starting and protection functions are incorporated in a single unit for centralised operation. Normal operating conditions and alarm situations are visually displayed.

Details from the maker, at Amalgamated Power Engineers Ltd, 100, Broad Street, Birmingham, B15 2JL (021-455 5311).

FOR SALE

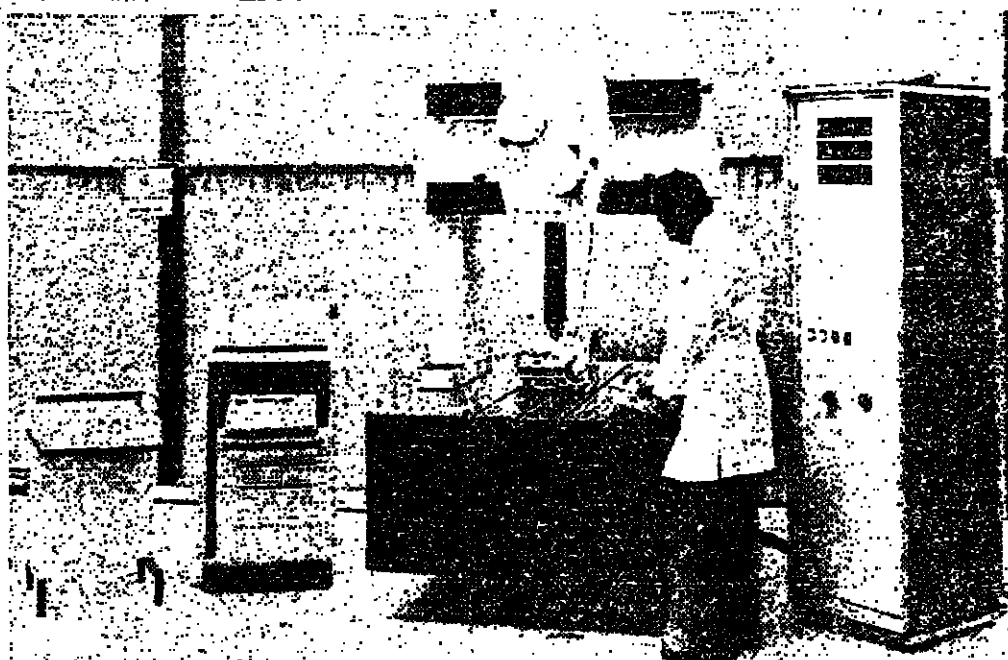
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● COMPONENTS

Supporting pipelines

chemical processing plants, oil refinery installations, and conventional or nuclear power stations, a wide variety of pipelines has to be installed.

These pipelines are subject to strain and movement caused by the varying temperature, weight and pressure of the medium carried and by operating shocks, environmental changes and other factors.

Now available in the U.K. is a range of pipe support components developed in Germany by Lisea Kraftwerkstechnik GmbH, of Zeven, near Hamburg.

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Now available in the U.K. is a range of pipe support components developed in Germany by Lisea Kraftwerkstechnik GmbH, of Zeven, near Hamburg.

large range of sizes hangers and accessories, covering a maximum loadings from 250 to 10,000 lb, and designed to simplify specification and installation—for example, no two elements of differing load capacity can be connected to form a support. The hydraulic shock absorbers, intended to protect pipework from thrusts, are shockproofed by anything as diverse as closures and water hammer on earth tremors, have a load range from 1 to 50 tonnes. They protect against both tension and compression, and have a maximum travel of 200 mm.

Details from the B.K. Agency, C.T. London, 3 Hobart Place, London SW1V 0RW (01-235 1201).

PRINTING

Perfectors move in

ALTHOUGH the idea of a press capable of printing one colour on two sides of a sheet on a single pass through the machine—or two colours per pass—is not new, pressure of costs of various kinds is making the machines which can do this much more acceptable.

Perfectors, as they are known, double production capacity for a given floor space and will also cut make-ready time and paper wastage.

Soag Machinery of Brentford, idea and some equipment has been around for about three years, the industry is only now beginning to take advantage of the economies such machines as the 724 can offer.

Soag works from Transport Avenue, Great West Road, Brentford, Middx. TW5 9HB. 01 560 5151.

Automation in offset

TWO COMPLEMENTARY printing units, which can, however, function independently, have been unveiled by Itek Graphic Products.

The first machine is an electrostatic platemaker able to turn out six or more A3 plates per minute with variable reduction down to 64 per cent.

Originals can be handled in sizes up to 18 inches by 12 inches and positioning of the work prior to processing can be adjusted to suit the document, whether it is a plain original, a paste-up or combines overlays. An image deletion facility prevents unneeded areas from being imaged. The edge of a plate when the plate size in use is larger than the original.

Switching from A3 to A4 with the LAS PSP requires no more than a dot adjustment and no

start button to carry out a full production run.

Operating speeds vary from 3,000 to 8,000 impressions an hour and the machine will work with its own or with an alternating stacker. Memory will store instructions on different run lengths according to plate size and the operator has overriding control at all times.

More from Itek at Itek House
More Street, London, E.C.1A
01-253 3060.

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The Management Page

EDITED BY CHRISTOPHER LORENZ

Banning foul play in the European price league

After yesterday's article on international performance yardsticks, Christopher Lorenz explains how several Post Offices have found more accurate ways of comparing tariffs

Kr. 1 DM. PFL

POST OFFICE is always accused of charging too much for its business telephone services. So the Corporation was asked when its latest study of the cost of telephoning in Germany was published, to put it in a respectable well behind the leaders, Germany, Italy and France.

Most European Post Offices recognised several years ago that it was misleading to compare their prices on the basis of currency exchange rates, though the British have continued to use them for many years.

To paraphrase the Bundespost survey: "there is little value in exchange rate comparisons of prices for goods and services which are not traded from country to country, because they badly distort the real price relationship". A study of comparative techniques last year by the University of Mainz said this argument applied to public sector services in particular, including telephone charges.

Burdensome

The significance of these arguments, if not their complexity, is perhaps best conveyed by a recent Swedish study. Telephone rates, which are nominally high in a particular country, are not necessarily considered burdensome by national consumers, it pointed out. In countries with high wage and salary levels, inhabitants may consider "the real level of the rates to be quite reasonable or even low".

British one provides a better guide, because it compares how the picture has changed over the past five telephone charges extensive.

even though they are low by international standards, as measured by official exchange rates. Britain is an obvious example of the second type: the Post Office emerged far more favourably from the old type of exchange rate comparison than from any of the newer and more sophisticated studies.

The new techniques attempt to produce "real" comparisons in one of two ways: either by calculating how many working hours are required by the "average worker" to pay for his use of the telephone — the "working time required" concept; or by adopting the technique of "purchasing power parities".

The "working time required" approach makes use of several averages, the two most important being average national wages (usually gross hourly wages for workers in manufacturing industry), and a representative subscriber's telephone bill.

One of the drawbacks of the "time required" method is that international comparisons based on gross hourly wages are not an accurate guide to buying power, since countries' tax rates and social security systems vary so much; thus the German worker, for example, pays less tax than many of his European counterparts, but his direct social security contributions are relatively high.

Considerable distortions also result from the time it takes most countries to produce the necessary average wage data. Final statistics can take a year or more to prepare, and so it is almost impossible to compare each country's wage data for the same month with reasonably up-to-date telephone tariffs.

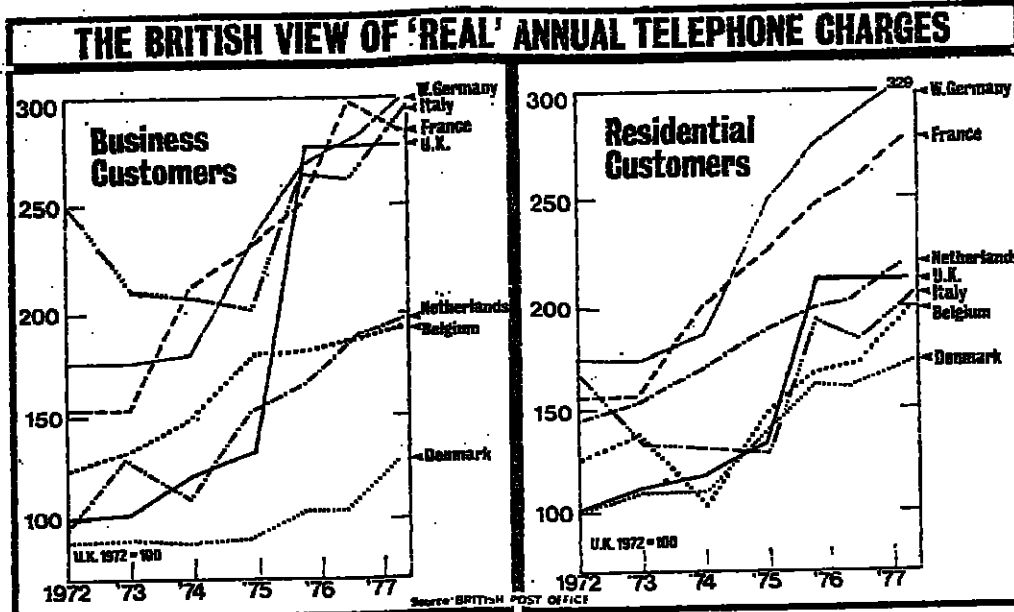
Early last year the Bundespost compiled a comparison of "real" telephone costs for 14 countries, using the "working time required" method. Information about the telephone charges which were in force everywhere on January 1, 1976 was easy to obtain, but the Bundespost had to make do with wage data stretching back from July 1975 to March 1973.

A year later the Bundespost repeated the exercise, and succeeded in narrowing the German-Swedish wage data gap to 10 months, but all the wage data it used was at least 15 months out of date, compared with the then current (January 1977) telephone tariffs.

Enthusiasm

Such discrepancies clearly give misleading results, particularly at a time of such high inflation in many countries. This partly explains the new-found enthusiasm of the British and German Post Offices for the "purchasing power parities" system, although it is based on an entirely different conception of buying power. The Swedes are also considering the use of the ppp technique.

One of its key advantages is



THE GERMAN VIEW (BUSINESS SUBSCRIBERS—IN DM)

Canada	1442
Italy	1328
U.S.	1305
Britain	1211
West Germany	1209
Norway	911
Austria	903
France	855
Belgium	613
Netherlands	587
Switzerland	514
Denmark	442
Sweden	375
Japan	341

Notes:
1. Jan. 1977 date
2. Figures rounded to nearest DM
(Bell Canada (Montreal area)
"New York Bell (for Bell's Columbus, Ohio Company, the figure was DM 2042)
Source: Deutsche Bundespost

that completely up-to-date or "package," as it is generally known. One of the main reasons for the discrepancies between the various national studies of the "real" comparative telephone costs is that each country's Office (whose index is used by the British Post Office as well as researchers use different representative bills or packages, each based on the country's actual pattern of telephone use.

The ppp index has found increasing popularity in German industry in the past two years, in the wake of the Deutsche Mark's continued appreciation, which has made German products and services look extremely expensive in international terms, even to domestic customers. The pharmaceutical and electrical industries in particular have used ppp comparisons to show that their products and services are not as expensive in domestic terms as exchange rate comparisons suggest.

By using "shopping baskets" of nearly 500 goods and services (their composition varies from country to country), the statistical office's ppp system takes account of each country's general price level. It therefore indirectly reflects currency values, but only in terms of domestic (not cross-frontier) purchases: a by-product of the technique is that the index does not fluctuate rapidly with the currency market.

The monthly procedure of the Statistical Office is basically as follows: first it prices a representative German shop basket in DM in Germany. Then the same basket is priced in another country in local currency. A basket representative of the second country is then priced at home and in Germany. This produces two cost ratios which are averaged to produce the relative purchasing power, or ppp, index. The process is repeated for each country with which a comparison is required.

The ppp index is applied to the cost of the particular product or service to be compared. For example, to compare "real" telephone charges with Germany, the BPO costs a representative British telephone bill in DM, and multiplies the DM value by the ppp index, to give the comparative German cost (in sterling). This is then set against the actual sterling cost of the bill to achieve the "real" comparison.

A crucial element of this calculation, as with all the other comparative techniques discussed in this article, is obviously the composition of the "representative" telephone bill,

but they come to very different conclusions about the Netherlands. The British survey puts the U.K. roughly on a par with the Netherlands, but the Bundespost calculations are much more favourable to the Dutch.

The only obvious conclusion is that, while the ppp technique may have removed many of the currency-related drawbacks to international comparisons between nationalised industry prices, some harmonisation is needed on the physical, or consumption-related, part of the formula.

Since such an accord on a generally acceptable package neither exists nor is likely, one has to make do with generalisations. One can at least average out the British and German results and conclude that the two countries' "real" telephone costs are roughly equal; the British may be slightly cheaper, and have been throughout the five years, even if one discounts the effect of British price restraint and its aftermath.

The Bundespost's conclusion that the real cost to business of telephoning is higher in North America than Europe is not as surprising as it may seem. The conventional wisdom is the reverse; but this view has been based on comparisons of individual services, such as telephone installation and local calls. But monthly telephone rentals and especially trunk call charges are often more expensive in North America than in Europe, even when converted on a simple exchange rate basis.

The seemingly paradoxical situation of some European services, but not others, being cheaper, arises partly because the Bell System subsidises the cost of local services from trunk call revenue to a much greater extent than do most of its European counterparts; which also implies a greater cross-subsidy from business to domestic subscribers. This is yet another example of how misleading it can be to compare the cost of individual services, rather than a package, or representative combination, of them.

Lest the ppp technique should fall into disrepute because of these controversial transatlantic results, it should be pointed out that the alternative technique, "working time required," also suggests that the U.S. and Canada are relatively expensive "telephone countries." In this case, however, they fall in the middle of the Europeans, cheaper than Britain, France, Germany and several others, but more expensive than the Netherlands, Sweden and several more. (These are the results of the 1976 Bundespost survey, not the 1977 ppp exercise).

Before anybody's national pride is hurt, one should question how much these differences tell us about the relative efficiency and productivity of the organisations concerned—in other words, the "value for money" they offer. One of the most persuasive reasons why the North American telephone system is relatively expensive may be simply that it is of higher technical quality than most of the European networks. There are at least 15 other factors which influence the level of national telephone tariffs. These will be summarised in the next article, which will be followed by a study of one of the most significant issues, organisational productivity.

to cap it all, the British Post Office does not compose a single package at all, preferring a more complex calculation which reflects the very different actual usage patterns of business and residential subscribers.

The five German surveys examined for this article (two by the Bundespost and three by Siemens, and one by Mainz University) all used the same package. The table reports the results of the Bundespost's ppp survey earlier this year. The graphs show the outcome of the British Post Office's April 1977 comparison. They indicate how "real" tariffs have risen over the last five years: the base of 100 represents the cost of the two U.K. packages on March 31, 1972. The British study excluded Sweden, as well as the U.S. and Canada.

Machiavellian

Which is correct, the British or the German study? That each attempts to make their package more representative of an actual telephone bill, the top of the European "real costs" league is coincidence rather than Machiavellian design. Of the seven countries they surveyed in common, neither has that, none of them contain the very cheapest (although Sweden, not the same number of calls, since the actual pattern of calling varies covered by the British study, so widely).

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Advice for small firms

THE GOVERNMENT yesterday revealed the detailed timetable for extension of its Small Firms Counselling Service (described on this page last Friday).

This service swung into operation yesterday in the Northern region (based on Newcastle), but an exact date for the North-West (based on Manchester) has yet to be given: it is expected to be in the first two or three weeks of the New Year, the Department of Industry says.

The West Midlands, Yorkshire and Humberside, plus the South-East regions should all be operating the service by mid-1978, if the DoI's current hopes are realised, with other parts of the country possibly following later.

Clients will have to pay slightly more in the North than their brethren in the South-West, where the service has been operating for the past year. The first counselling session will still be free, but the second will still cost £5, but the third will be charged at £15 instead of £5; as in the South-West, subsequent sessions will cost £15 a time.

Business courses

Executive Health, Quaglin's, Bury Street, London, November 15. Fee: £35 plus VAT. Details from London Professional Conference Services, 3 Barnes High Street, London, S.W.13.

Managerial Finance for Purchasing Executives, Clarendon Hotel, Leamington Spa, November 17-18. Fee: £95 plus VAT. Details from Purchasing Economics, Pel House, 35 Station Square, Petts Wood, Kent.

Mid-Career Counselling for Managers, Brunel University, Uxbridge, Middlesex, November 21-22. Fee: £100. Details from Management Programme, Brunel University, Uxbridge, Middlesex.

Secretarial Development Course, Basil Street Hotel, London, November 23-25. Fee: £115 plus VAT. Details from EM Courses, 111, White Street, London E.C.4.

Administrative Office, 4, Maple Dale Avenue, Croydon, Surrey. Is Britain a good base for a multinational company? Grosvenor House, London, November 22. Fee: £75. Details from The English-Speaking Union, Seminar Secretariat, Dartmouth House, 37 Charles Street, London, W.1.

Basic Industrial Relations—A training workshop for managers, Grand Hotel, Birmingham, November 22-24. Fee: £75 plus VAT. Details from Conference Assistant, Food, Drink and Tobacco Industry Training Board, Barton House, Barton Street, Gloucester.

Performance guarantees, Royal Lancaster Hotel, London, November 25. Fee £70. Details from Investment and Property Studies, Norwich House, Norwich, Street, London E.C.4.

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Price trends cheerful

HOWEVER uncertain the prospect of keeping average pay settlements close to the official target, and therefore of bringing about a continued fall in the rate of inflation during the second half of next year, the raw material costs of manufacturing industry are still dropping in a highly encouraging manner. The Department of Industry's index fell during October by another 1 per cent, despite the fact that the provisional figure for the previous month was again revised downwards. It has now fallen in every month since April and is below its January level. The fall in the past three months alone has amounted to 2½ per cent, for materials other than those for food manufacturing and 4 per cent in the case of the latter. Since this fall in food material prices has been entirely concentrated on imports—partly because of the further appreciation of sterling against the dollar—it suggests a useful fall in import prices still to come.

This fall in input prices is helping to slow down the rise in factory output prices. The output index in October was still 17½ per cent higher than a year before (as against 19 per cent in September), but its recent movement has been considerably better than that.

Cost of living

In October alone, the output index for manufacturing industry as a whole rose by only 4 per cent. Over the past three months the index for manufacturing outside the food group has risen by 3½ per cent; the price of manufactures in the food group, which has risen in the previous three months by 6½ per cent, actually fell slightly in October, mainly because of a further drop in the price of animal feedstuffs. Just as the fall in input costs has led to a slower rate of increase in output prices, moreover, so the latter is bringing about a slower rate of growth in retail prices. It looks as if the increase in the cost of living for the 12 months to end-December will not be far off the official estimate of 13 per cent, and the rate of increase should

continue to decline, whatever success or lack of it the Government has in holding down wages, for some months after that.

Living standards have recently been cut by a faster rise in prices than in net incomes. This process should gradually be reversed from now onwards and retail sales should benefit. The retailers must be looking forward to a recovery with eagerness. Although the volume of retail sales for the third quarter now turns out to have been 3 per cent higher than that for the second, sales so far this year have been 3 per cent below those for the first nine months of 1976—a year when itself was below the peak years of 1973 and 1974.

Savings ratio

The tax cuts recently announced by the Chancellor will come through, for the most part, at the end of this month and will probably, like the pensioners' bonus, lead to an immediate increase in consumption: that is certainly the official intention. What happens after that will depend not only on the length of the winter sales, pay expectations and Budget hopes but on continuing progress towards a reduction in the rate of inflation.

It was noticeable well in advance of the Chancellor's latest package that sales of durable goods and the amount of new consumer credit granted were rising simultaneously. The amount of new credit granted by retailers rose a little further in September, as did the sales of durable goods shops, even though some potential buyers may have been persuaded to postpone a decision in hope of a VAT reduction as part of the Chancellor's package. The income-tax cuts that were announced instead may not amount to all that much by themselves. If they give consumers the confidence to reduce their savings ratio further the effect could be considerable. The state of consumer confidence next month will depend to a large extent, however, on the miners.

Time to end the Dutch crisis

FORMING Dutch Governments is notoriously difficult. The combination of an extreme form of proportional representation and three main streams of political opinion—Socialist, Christian Democrat and Liberal—makes it virtually inevitable that only a coalition can command an overall majority in Parliament. The three main political groupings are divided, however, by deep ideological, and often personal differences which seriously complicate negotiations between them. It is not unusual for the Netherlands to go for several months without a new Government in the period following an election.

Square one

The latest Dutch Government crisis, however, has now beaten all previous records and it is still far from over. Last week's decision by Mr. Joop den Uyl, the outgoing Socialist Prime Minister, to admit final defeat in his efforts to form a new Administration with the Christian Democrats has plunged the country back into confusion and would appear to imply that the entire coalition-forming process must now start again from square one. The talks broke down when it became clear that there was no way the two parties could agree on the people who should hold Ministerial posts in the new Cabinet. The Christian Democrats insisted on the inclusion of right-wing politicians, whom Mr. Den Uyl knew to be totally unacceptable to his own Party's grass roots.

It is exceedingly rash, however, to apply the word "final" to a collapse of Dutch coalition negotiations. The latest rupture is the fourth breakdown in the talks since they started in the aftermath of last May's elections. Three highly sensitive issues—land reform, the proposed excess profits tax and abortion—have brought the talks to a halt over the last few months, and each time the appointment of mediators has restarted them.

Mr. Den Uyl is now saying that Christian Democrats should

try to form a Centre-Right Government with the conservative Liberals. But it is doubtful that this combination could maintain a working majority in Parliament, and the odds must be that new efforts will be made to resuscitate the Socialist/Christian Democrat formula.

The alternative would be a minority left-wing Administration composed of the Socialists and the smaller progressive parties. In the first place, decisions are urgently required on a new package of measures to stimulate investment, reduce unemployment and bring down inflationary costs. It will be extremely difficult to satisfy the trade unions in the major round of wage negotiations that is just about to start if the details of the package have not been established. Secondly, the Dutch are becoming more and more disenchanted by the manoeuvrings of the politicians, the need for which they fail to understand. There are clear signs that ordinary voters, who flocked to the polls in record numbers in May, are now relapsing into an attitude of cynicism towards the whole political system.

Confidence

The Dutch are particularly puzzled because the election result was widely interpreted as a vote of confidence in the Christian Democrat/Socialist coalition that had governed for the preceding four years under Mr. Den Uyl's leadership. It is true that the opposition Liberals picked up some extra seats. But Mr. Den Uyl's Socialists scored their biggest ever electoral victory, and the Christian Democrats, who campaigned for the first time as a single bloc, also regarded their modest gain of one seat as a major success. Seven months is too long for an important Western democracy to go without effective Government. It will be in the country's best interests if the Socialists and Christian Democrats can bury their differences and form a new coalition as quickly as possible.

AFTER two years of voluntary pay restraint, unexpectedly successful from the point of view of the Government and the TUC, the difficult re-entry period starting on August 1 this year began well. Most of the unions which hoped for a bonanza following the TUC's inability to promise another voluntary pay limit, have since fallen into line with the Trades Union Congress's overwhelming vote in favour of the so-called 12-month rule.

With one or two exceptions, they have accepted that settlements reached during the 12 months of Stage Two must remain in force until the next anniversary, and that they could not forego a Stage Two 5 per cent rise even if that fell due right at the end of the period.

The importance of the 12-month rule was that its observance guaranteed that the return to free collective bargaining would be "orderly"—to use the TUC's chosen phrase. It was intended to, and in fact did, prevent a rush of claims on August 1.

Re-open the issue

Train drivers have re-opened their Stage Two deal, but the depth of their determination has yet to be tested, and some of the printing unions are also planning to re-open the wages issue for their members in general printing.

Because of the success of the 12-month rule, attention quickly turned to the size of pay claims being submitted by groups of workers due for a rise in the early autumn. Those claims reached almost ludicrous proportions—a reflection, perhaps, of the union negotiators' desire not to be seen to be curbing their members when the TUC had made no further pronouncement about the right settlement level.

The few settlements that have ensued have tended to show that those claims were more an expression of frustration than a serious opening bid. In this category come the police—who took 10 per cent plus the promise of an inquiry—after calling for rises of between 70 and 104 per cent.

Large numbers of workers, with pay anniversaries both before and after the magic August 1 date, have settled at

SETTLEMENTS SINCE AUGUST 1

(Actual or proposed)

300,000 Farmworkers: 12-13% (10% in Scotland), after 50% claim.
118,000 Policemen: 10%, plus pay inquiry (undated).
57,000 Ford Motor manual: 12%, plus fringe benefits—cost not given.
*3,000 British Oxygen drivers and handlers: 12% (2% productivity, plus further productivity, to total possible 20%).
*800 Air traffic control assistants: regrading deal £315 lump sum plus 4% extra in April.
10,000 Midlands lorry drivers: 15% from end-Nov. Price Commission investigating industry.
33,000 Heating and ventilating: 20%; Government sanctions threatened.
*19,000 Vauxhall unskilled: 10% plus productivity of 5%. Rejected by 5,000 craftsmen.
*5,500 BSC sugar workers: 8.8-10.4%, plus productivity—total possible 19%.
200,000 English clearing bank staff: Stage Two arbitrated deal after 10% claim.
400,000 Catering (wages council): 10% after 30% claim.
55,000 ICI manual: Stage Two, plus one-year productivity deal in negotiation.
60,000 Gas manual: Stage Two, plus productivity talks.
70,000 Clothing workers: 10% accepted.
7,200 Pilkington glass workers: Stage Two, plus 10% productivity deal.
5,400 Govan shipyard: 10% accepted.
*Industrial action taken.

the approved level. This process had undoubtedly been helped by the Government's decision to let self-financing productivity deals go through in spite of the 12-month rule and its own policy of keeping basic rate settlements to within single figures.

The productivity exemption is unpopular with the Confederation of British Industry, and with many unions: it has also raised suspicions that many deals of this kind either made or proposed are bogus. The CBI recently surmised, for example, that productivity deals were adding between 6 and 8 per cent on top of the 10 per cent earnings increase allowed by the Government, or on top of Stage Two settlements. It believes that, in spite of the evidence being issued by the Department of Employment, companies are using up all their productivity gains to pay higher wages.

But the productivity exemption was a political necessity. It was intended to ease the pressure for substantial cash increases—and not only from the miners—without adding to price inflation.

But like the 10 per cent earnings limit, it looks like causing pre-arranged problems. If a group settles for a single-figure rise on basic wages, plus five, six or more per cent on top for improved output, the settlement will tend to set a "going rate" well above the 10 per cent.

Even though individual settlements can be shown to add less than 10 per cent to unit costs. Incidentally, it is by no means clear that the Government has succeeded in clearing up its first presentational difficulty. There is some evidence that its declared ceiling of 10 per cent on national earnings over the 12 months from August has been interpreted as an actual level of wage settlements, in

spite of the White Paper's deal is still apparently being admitted that the general level of settlements should be within single figures. Even in the nationalised industries, the line appears to have been fudged, and the Chancellor has apparently been obliged to remind the public sector that 10 per cent on earnings means less—a figure of 8½ per cent, has been mentioned in settlements.

The policy was, some would say, bound to spring leaks sooner or later. The fact that the miners turned down an incentive scheme last week was a blow because it stopped any chance of an "organised" leak if that had been found necessary, and forced the Coal Board and Government to think up other ways of putting cash into pockets without an ostensible breach of the policy. Ironically, too, the productivity exemption is now being exploited by many groups—especially, perhaps, in the white-collar area—for whom it was not intended at all.

But far more serious for the credibility of the whole design has been the few large public settlements of more than 10 per cent. Ford Motor was the first, with its 12 per cent award plus fringe benefits adding another 10 per cent, amounting to a wage bill. Ministers have been publicly "regretting" the Ford deal amid a general assumption that they will do nothing further about it. Yet the Ford

yet happened to convince them that the game is up. Indeed, with each new threat, the Government's line appears to be hardening. There are two or three calculations at work here. One is timing—hence the importance of holding off the miners' settlement, which is likely to go above the guideline, until its due date in March.

The longer 10 per cent (plus productivity) is accepted by employers as the going rate, the more chance of preventing a rush and a collapse around next spring. The timing matters particularly this year because so many groups have held back in the hope that someone else will breach the dam for them. (With each week that passes, the better the chances become of getting those workers to settle—and the more that settle at around that level, the easier it becomes to tell the powerful latecomers in the round—miners, power workers, railway men—that there is no higher going rate to justify their own demands.)

Measure of success

Even the farmworkers, whose industrial strength is virtually nil, have wrung a 12-13 per cent award out of the Agricultural Wages Board for England and Wales.

In spite of all this, the Government can claim a fair measure of success. It may have found its policy weakened earlier in the wages round than it would have liked, but its pay strategists believe they are still heading for a tolerable outcome. In other words, nothing has

CLAIMS OUTSTANDING

260,000 Miners: up to 90% from Nov. 1 (breach of 12-month rule); productivity scheme rejected.
*30,000 Firemen: 30% claim. Offer of 10%, plus cut in hours next year.
*10,000 (approx.) Power station manual: unofficial claim for shift, travel and fuel allowances.
*25,000 BSC staff: claim outside 10%; 3-15 offer rejected.
1,000,000 Local council manual: 30-40% claim.
45,000 Merchant Navy officers: strike ballot over 17% claim. Stage Two settlement due June, 1977.
29,000 Train drivers (ASLEF): £30 a week rise claimed. Last deal April, 1977.
5,000 Oil tanker drivers: 40% plus claims lodged.
29,000 Dockers: 17-30% claimed at various points.
20,000 Fleet Street printers: 15% plus £10 a week minimum claim (totals 25% say employers).
180,000 General printers: some unions to reopen Stage Two deal.
10% settlements include those at, or below, this figure on basic rates.
*Industrial action taken.

MEN AND MATTERS

Let them burn wood

Disturbing evidence has just reached me from Saffron Walden to indicate that Jim Callaghan's determination to stand up to the miners may be a lot stronger than most people have been willing to give him credit for up to now.

Last week his wife Audrey sent off for a copy of "The Woodburning Book" which has just been published by the Broad Leys publishing company.

"Wood," the introduction tells us, "has half the calorific value of coal and at the current bulk purchase price in country areas of around £10 per ton is well worth considering as a fuel." It is of course even more worth considering if there is no coal to be found.

But the book points out, there is no point in Jim Callaghan or anybody else laying in a good supply of dry logs and just throwing them on the traditional open fire. Of course they look terrific while burning but over 80 per cent of the heat disappears up the chimney of the conventional fireplace—leaving with much of the heat generated elsewhere which gets sucked up as well.

What is needed is the kind of fully closed variety which burns the wood in a fine ash. Some of the Scandinavian models on sale here are already burning in a fine ash—burning the logs from end to end like a cigar.

As for security of supply the book points out that Dutch elm disease has put a total of 23m trees at risk in the South East and Midlands alone—and half of these are expected to have died by 1990 together with another 5m, or so in the North and East. Elm logs have to be kept for

a year at least to dry out but then, apparently, they burn well.

If the worst comes to the worst however newspapers and magazines are satisfactory alternative to logs. All you have to do is roll them up very tightly, secure them with wire, dip them in a can of waste oil, allow them to dry—and that will keep the stove burning for two hours, the book claims. It just goes to prove that in this business we can generate heat as well as light.

Flower-power computers

The world's most powerful chips were on display at the U.S. trade centre in London yesterday and at a price of \$10 each they seemed to be great value for money. For each chip, about half the size of a fish finger packs 9,000 transistors, is capable of one million calculations per second and fits in the computer power which would have required a large room full of computer hardware 20 years ago.

The chips are the brainchild of Federico Faggin, an Italian who moved on from the Olivetti semiconductor subsidiary SGS eight years ago to form his own U.S. micro-processor company, Zilog, and is considered by many in the electronics components business, as a name to be reckoned with in much the same way as his co-national Marconi is regarded in the world of radio.

But Faggin's chips are only part of the largest exhibition of American electronic components ever staged in Britain. It is part of a determined U.S. effort to corner a 35 per cent share of the fast-growing U.K. components market by 1980.

As if this glimpse of the miniaturised future were not enough, however, the guest of honour at the opening yesterday was Professor Eric Brathwaite from Imperial College. He is best known as the father of the linear motor or "the man who has declared the wheel obsolete."

He warned that for all its undoubted progress the electronic components business was now in danger of flattening out without some bold new exercise in lateral thinking. His belief is that man must go back to nature for inspiration. It is a principle he is following in his own research into how to grow electric motors like plants. Passing a linear motor over a special fluidised bed, he told his spellbound audience, produces a re-distribution of particles in shapes like ferns, leaves and the forks of lightning. These are the shapes of nature and nature is the most efficient user of energy, he told them. If his advice is listened to it sounds very much as if future generations of computers

might well turn out to be virtually indistinguishable from potted plants.

Eat now—pay later

All those jokes about butchers offering hire purchase terms on the week-end joint have at last—inevitably some might say—started to come true.

Butcher Tony Crofts, who has built up a thriving freezer meat business from his Scotch Beef Shop in Thornton Heath, Surrey, has struck almost 100 HP bargains of between £75 and £500 each in the three weeks since he introduced "easy terms" for his customers.

He says that with meat becoming more and more expensive and freezers becoming more popular it should not be long before many butchers offer a similar deal. But even he was surprised at the remarkable response from his customers. He reports that most of his HP buyers spend between £100 and £300 a visit. But such large sums do not go very far with beef forequarters selling at around £55 each for cash. Hindquarters, which contain most of the roasts and tender bits of the beast, fetch £87 or so.

The extra cost seems reasonable, given the current rise in trend of meat prices. A £100 purchase paid for over six months attracts an extra £7.48 in interest.

Understandable

At the awards ceremony of the Institution of Civil Engineers last week the secretary announced: "The Webb medal goes to Mr. Smith for his paper on 'Bridge Failures'." There was a slight pause and he added: "Mr. Smith is not attending."

Observer

مكازم التحصيل



pound until last year, and the success of the earlier week incomes policy is only being reflected in the pressure on sterling.

On a more practical level Government will be trying to assess the running average pay settlements. It can several large deals outside 10 per cent—more on depending on the valid the productivity element which they are counterbalanced by the weight of deals below per cent.

There are some 24m full-time workers in the country. Settlements so far, with the average within the 10 per cent limit, mean that the Government does not know about settled. This is broadly confirmed both by the CBI, which is running a data bank on settlements, and by Engineering Employers' Federation.

But for every worker who is a union member, there is another who is not. The Government does not know about settled. This is broadly confirmed both by the CBI, which is running a data bank on settlements, and by Engineering Employers' Federation.

Results no threats

The moral of this equation is that many settlements below the 10 per cent, deep and wide the pay breach may appear to be come because of well-publicised "excessive" settlements.

Optimism about behaviour over the next months sounds misplaced when the miners seem not to accept a 10 per cent rise, and when the firemen are threatening national strike for 30 per cent.

But as Ministers—kept pointing it is results not threats to be the measure of their success. Yesterday, the power was seemed about to give up. The police accepted 10 per cent plus a little special treat. The British Oxygen strike today. The BBC is again in its own, who blacked out some programs. The air traffic control went back to work last night.

The line has wavered, but yet broken. And although winter promises a success pay crises, late-night talks even special deals, it cannot be said that the police are "surrounded." Next week, if the firemen were to break, but not yet.

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FINANCIAL TIMES SURVEY

Tuesday November 8 1977

مكثان النحل

BRAZIL

After past political traumas, the coming year could mark a milestone in Brazilian history, bringing political change by evolution. However, it is unlikely that the armed forces will be ousted from their dominant role in government in the foreseeable future.

Seeds of change

By HUGH O'SHAUGHNESSY, Latin America Correspondent

Dismissed

But then came the Frota affair last month. General Frota, the War Minister, was summarily dismissed by the President. General Frota, a man of the extreme right, had been campaigning with increasing energy in an attempt to secure for himself the support in the armed forces and among conservative civilians which would have given him the nomination for the presidency in 1979. His candidacy was not well received by General Geisel and the fact that he was pushing himself so far was not unnoted. He was not, however, blatantly demonstrating that the big stake that foreign upper reaches of the army had built up in Brazil became nearly as high as political who had friendly relations with Congress in the same of important figures in the President's cabinet. Frota therefore had to go. By some quarters made it plain that the General closed down his personal ambitions, among the ruling class, allowing it to re-open unity and demonstrated that

contrary to many of his actions earlier this year, he was not a man of the extreme right but an officer who had not forgotten the undertaking he had given when he came to power in 1974 that he would nudge Brazil away from absolutism and back some way towards democracy.

This year's political uncertainties of government policy to financial pressures from Washington. One further element must be added to this complicated equation and that is the foreign and the human rights question pressures being applied to the government in Brasilia. President Geisel cannot

economically very vulnerable. Some feel that a start may be made next year with a decision by General Geisel that his successor will not be another general but rather some conservative civilian. The name most often mentioned in this context is that of Sr. José de Magalhães Pinto, a veteran politician who collaborated in the military coup and who can be relied upon to take his cues from the generals once gain.

Another development could well be the reappearance of a system of party politics more genuine than that in force at present.

The system as at present established has been unsatisfactory in theory and in practice. In order to maintain the facade of a parliamentary regime, the military fashioned two parties, jumbled in ideology and amorphous in membership, ARENA and MDB. The former's job was to support the military in ARENA-MDB arrangement to office through its speeches in the Federal Congress, in state and local assemblies and to the public at large. The MDB's, as already noted, was to oppose loyally. Neither grouping was given any effective power which was naturally monopolised by senior officers, or delegated by them to civilian ministers.

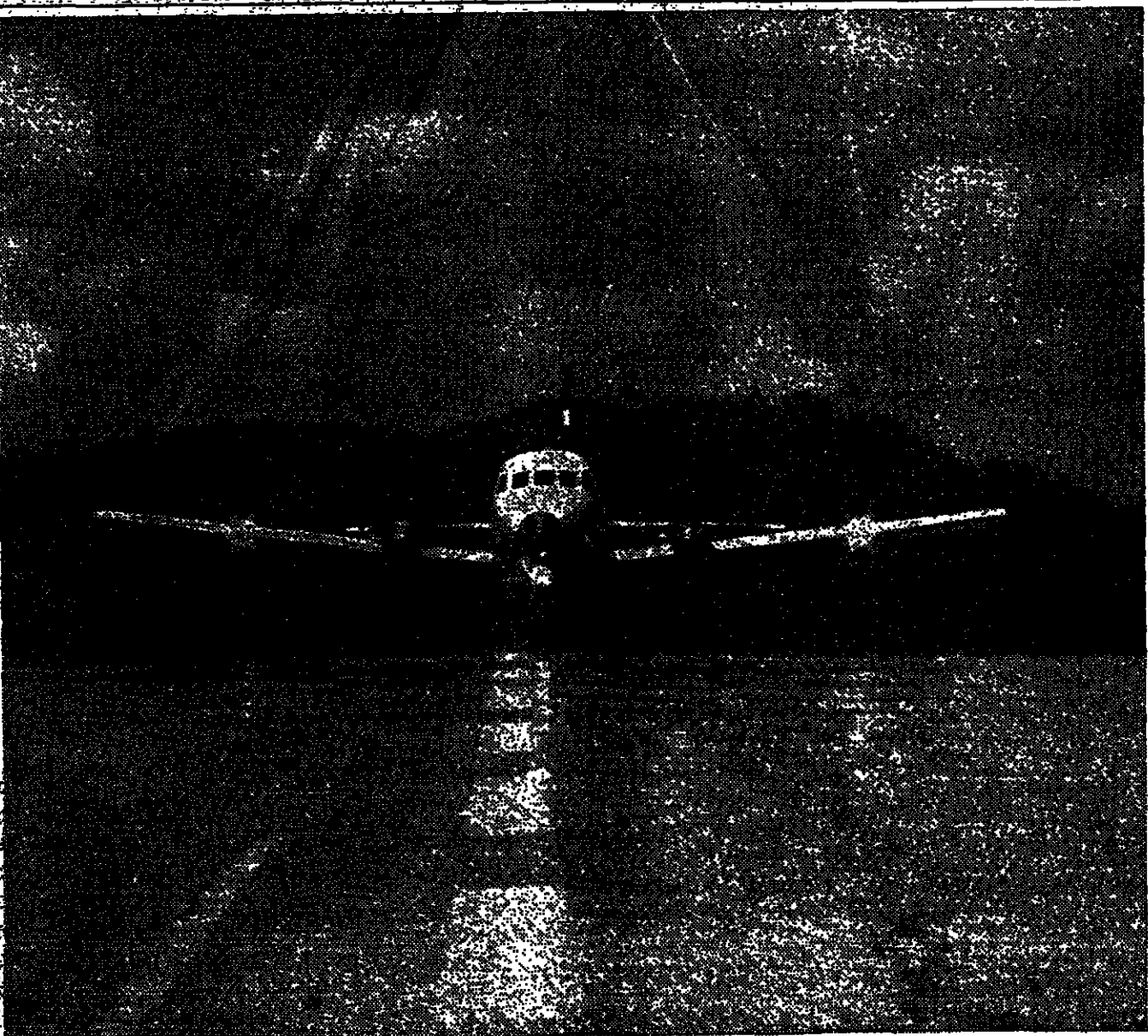
In spite of this, the tide of public discontent with the government began in latter years to flow ever more strongly through the channel of the MDB to the embarrassment of the military.

Ever since the big gains by the MDB in the 1974 elections, civilian supporters have been thinking of ways of clipping its wings and suggesting that the best way would be to form another party which would take away more support from MDB than from ARENA.

The dissolution of the ARENA-MDB arrangement in day looks more likely than ever and in the hope that such a dissolution would leave the way open for the launching of new genuine parties, opponents of the government in the MDB are perfecting their plans. No one in the opposition, however, has any illusions that the military has it in mind to allow complete political freedom, and it is taken for granted that the armed forces will continue to be a very powerful force for conservatism under any new dispensation.

Currency: cruzeiro \$1 = Cr.28.04

BASIC STATISTICS	
Area	3,29m. sq. mls.
Population	109m.
GNP	Cr.473bn.
Per capita	Cr.4,705
Trade (1976)	
Imports	\$13.6bn.
Exports	\$10.1bn.
Imports from U.K.	£174m.
Exports to U.K.	£239m.



Brazil: an economy at take-off.

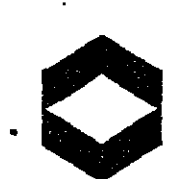
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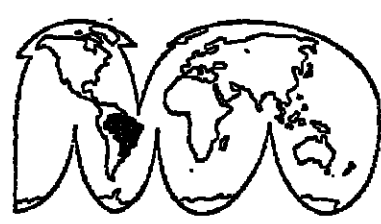


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BRAZIL II

Amid wealth a hard core of poverty

THE GAP BETWEEN rich and poor in Brazil is sometimes just a few yards. If the people in Rio de Janeiro's biggest favela, Rocinha, a hillside jumble made of bricks, planks and bits of tin started throwing stones, they would hit not only two first-class hotels but also several blocks of showy flats which are mushrooming under their noses.

Aesthetically, the favela is lengths ahead, especially at night. It also has a better view. But the view from the flats matters less to their owners, who have almost all bought them as investments rather than as places to live.

This kind of chronic contrast, which can be found in any big Brazilian town (except Brasília, where the poor live in satellite settlements), underlines the unevenness of the way Brazil has developed in recent years.

Except in some rural areas, average income has increased impressively, and living standards in the sense of the number of people who have cars, television sets and refrigerators, have advanced apace since the early 1960s. But very little new wealth has seeped down to the people who need it, a fact that became very apparent in the census of 1970. But since then the signs are that the gap is, if anything, increasing.

Two years ago, the Government decided to start changing things, de-indexed salaries and raised the legal minimum by 41 per cent, which at the time was above the inflation rate. But, at a time when priority has gone on cutting inflation, cooling the economy, exporting as much as possible and rescuing the balance of payments, the move has not been followed up, and annual wage increases are now back on a rough par with the cost of living index.

Statistics compiled by a trades union body in São Paulo almost exactly what the state company charges for water.

Between 30 and 50 per cent of working Brazilians earn the minimum wage or less—the number varies because not all wages go up simultaneously with the minimum. Outside the towns, the proportion is two-thirds or more. Here, some figures are startling—such as the ones that show that rural workers' earnings in São Paulo at the height of the coffee boom earlier this year had failed to keep up with the annual cost of living, or the 3,380 people in the 1970 census among the over 10s and classed as economically active who had no registered income at all.

According to one of the Institute's directors, "A worker in 1968, in order to pay for his family's food consumption, had to work eight hours and 42 minutes a day. Last year, the period had gone up to 16 hours and 45 minutes."

Engineering workers in São Paulo are now pressing for compensation to account for the 34.1 per cent rise in the cost of living which the Government has recognised was suppressed from official indices four years ago. Current figures, which omit "exceptional" increases of food basket items, are also open to dispute.

By law, the minimum wage is the amount needed to keep an adult worker in food, housing, clothing, hygiene and transport. The present minimum varies, according to region, from \$51.75 to \$72.75 a month. This is broken down into separate items—34 per cent for food, 10 per cent for clothing, etc.

But low pay levels and under-employment in the countryside leaves Brazil with problems of items—34 per cent for food, 10 per cent for clothing, etc.

At the same time, Brazil's processing and manufacturing industry is deprived of a large potential home market. Its present consumer market is limited to 25m, or so. Pay levels in food allowance covers half a kilo of beans a day, the housewife allowance barely enough to rent a slum hovel, the clothing allowance not enough to buy a shirt, the transport allowance

the economy needs to keep itself afloat. The relationship with Washington has undergone some testing times this year since the advent to power of Mr. Jimmy Carter.

The continuing arbitrary way in which the military regime deals with its opponents—though not as arbitrary as it was in the late 1960s—has clashed with President Carter's strategy of encouraging the better observance of human rights in Latin America. Friction between Brasília and Washington on this topic burst into a small fire earlier this year, when in response to official U.S. criticism of the poor state of human rights in Brazil, the Government cancelled its very agreement with Washington.

This gesture, it must be explained, was much more symbolic than militarily important in that the cash sums at stake were relatively minor.

More thorny and more important has been the continuing row about Brazil's acquisition of nuclear know-how from West Germany, which has raised in the minds of many U.S. and European politicians the spectre of Brazil eventually getting nuclear weapons. The row has been able to point to the much diplomatic comment the various capitals in the type future.

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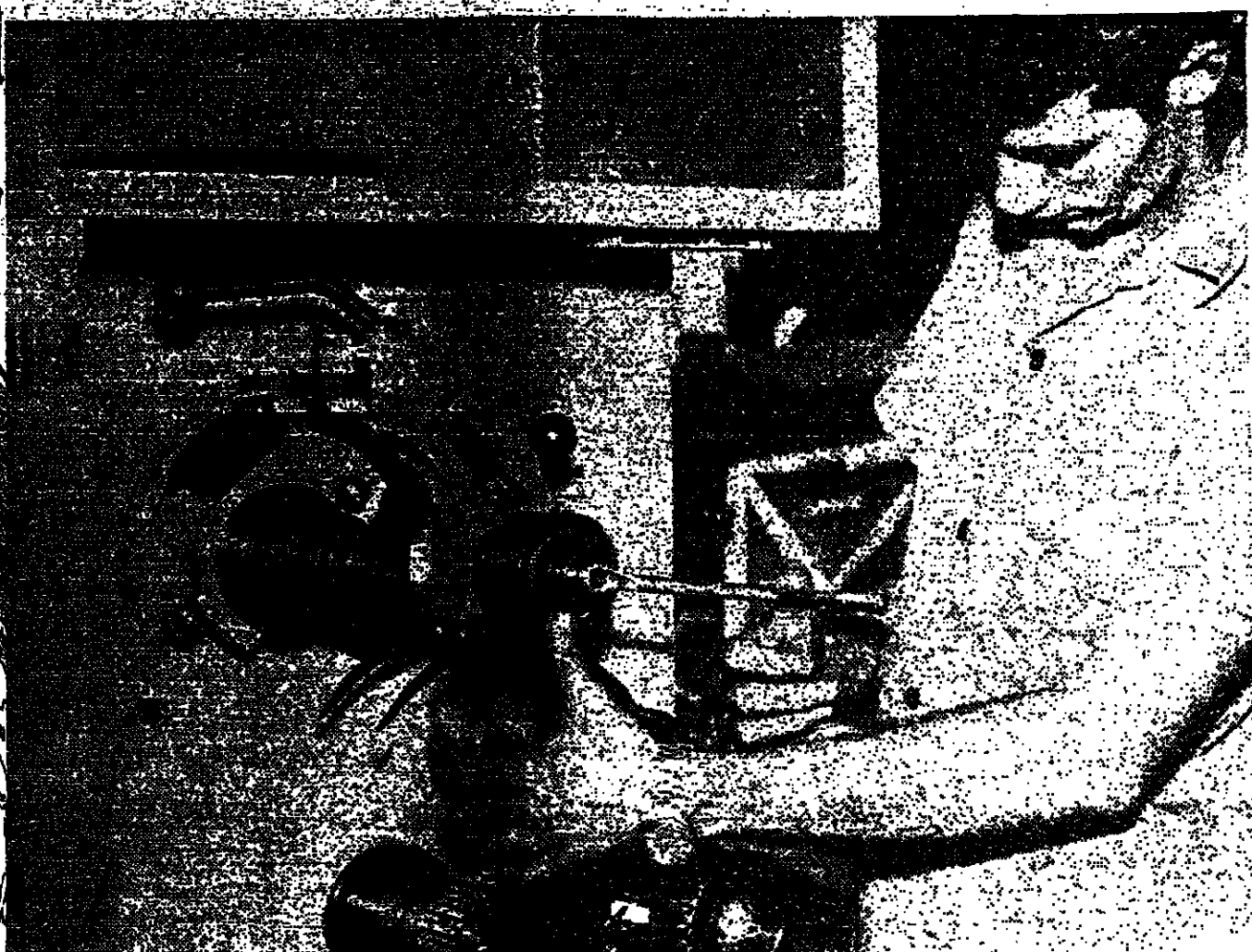
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A machine being serviced at the new Esm. Molins do Brazil factory at São Paulo. The company manufactures cigarette-making and handling machinery.

Flaws in capital goods sector

BRAZIL IS AT present trying to make up for the years it spent in its capital goods sector. Until fairly recently, this sector was largely neglected in the country's development plans. When the country's first steel mill was set up in 1941, Volta Redonda, it was the only one of its kind in Latin America. It was the only one at the time, and it was one of the few large-scale industrial projects that the government had initiated. The mill was built with the help of a loan from the United States, and it was the first of many such projects that the government initiated in the post-war period. The mill was a success, and it helped to establish Brazil as a major industrial power in Latin America. However, the government's neglect of the capital goods sector continued, and this led to a series of problems that are still being faced today.

panies, strictly controlled the entry of new manufacturers and selected a few big Brazilian groups for exceptional assistance. One such group is Villares, which is composed of five capital goods, metalworking and steel companies. This group, which has the fourth largest turnover in the country in the machinery and equipment sector, is receiving massive government assistance in the form of subsidised loans from BNDE and PROCAP. Together, most of Villares' planned investments of \$500m over the next few years in fact come from public funds.

In all, apart from the way profits are distributed at the end, there is increasingly little difference between Villares' private company, which is basically administering public money, and a state company, such as Cia. Vale do Rio Doce, the huge mining conglomerate, in which the management is given great autonomy of action and in many ways runs its affairs as if it were a private concern. It is easy to understand why this paradox has arisen. Over the last few years, government officials have become increasingly aware that the authentic Brazilian company is being increasingly pushed out of the mainstream of the economy by the two giants, the multinational and the state company. The only solution for the Brazilian government, which is so emphatically committed to private enterprise, has been to create artificial means of boosting a selected few national private companies.

Despite the impressive growth, the sector is at present facing problems. The recent clampdown on economic activity as part of the fight against inflation and the worsening of the country's foreign debt situation have had a very harmful impact. The machinery and equipment sector is the first to feel the pinch in any economic crisis as manufacturers of consumer goods always react straightaway by cutting back on orders. Machinery and equipment production has fallen slightly this year and prospects are bleak. By the end of August, orders from projects approved by CID (Industrial Development Council) had fallen by 67 per cent, to \$940m, compared with the same period last year. The relative growth in the proportion of orders going to Brazilian companies (with their share increasing to 67 per cent from 55 per cent during the same period last year) will by no means compensate for the absolute drop in business. The manufacturers are going to have serious problems faced by the sector. The foreign debt dilemma is a been an excessive number of companies producing to cover the deficit in its current account, the Government needs to obtain foreign financing for its large projects, which inevitably means that it must accept a large part of the loan in suppliers' currency. This greatly annoys any manufacturers competing local manufacturers. One case in point is the \$500m loan for the Apogonias mill which was signed in June of this year. To correct this, the European government has encouraged by a consortium of European banks headed by Rothschild.

Turnover

The vigorous growth with government assistance is reflected in the turnover of machinery and equipment sales. In real terms, growth was 14 per cent in 1973, 14 per cent in 1974 and 26 per cent in 1975. Local manufacturers are supplying a much larger proportion of industrial equipment. In the third stage of the expansion plan, which is beginning now, Brazilian manufacturers will be supplying 65 per cent of the equipment, their share was only 25 per cent four years ago in the second stage. Now Brazilian companies are winning 80 per cent of the equipment orders (with their share increasing to 67 per cent from 55 per cent during the same period last year) will by no means compensate for the absolute drop in business. The manufacturers are going to have serious problems faced by the sector. The foreign debt dilemma is a been an excessive number of companies producing to cover the deficit in its current account, the Government needs to obtain foreign financing for its large projects, which inevitably means that it must accept a large part of the loan in suppliers' currency. This greatly annoys any manufacturers competing local manufacturers. One case in point is the \$500m loan for the Apogonias mill which was signed in June of this year. To correct this, the European government has encouraged by a consortium of European banks headed by Rothschild.

formation of an independent, solid sector that can stand on its own feet. Government officials admit that their main difficulty is to ensure the development of self-sustained, national technology. The BNDE director, Lima Netto, commented: "In this phase of industrial infancy, our companies in the capital goods sector are not in a position to export. This will come later. The big Brazilian problem is lack of technology. Without dominating technology, you cannot export... For exporting to-day in Brazil? Romi, DF Vasconcellos, Engesa banks are believed to have voiced forceful objections. The Government diverted the first instalment of the loan (\$330m) to national railway and road-building programmes which were in serious shortage of resources.

Exemption
Brazilian manufacturers react even more sharply when equipment imports are authorised. Even though foreign finance may not be involved, a recent case was the special decree-law announced in July, to exempt Petrobras, the State oil company, from the "lei do similar nacional," thus permitting it to import equipment even if an equivalent product could be manufactured in Brazil. General Araken de Oliveira, president of Petrobras, maintained that the exemption had been granted "with the country's overall interests at heart." The main objective was to speed up oil drilling in the bay of Campos. "About 45,000 barrels of oil a day—\$800,000—will be wasted if we don't import the equipment we need to start production," he commented.

Other officials at Petrobras were much blunter in their explanations. They claimed that the failure of some Brazilian firms to deliver equipment on time had made it impossible for the company to achieve its goal of increasing oil production by 7 per cent this year. Brazilian companies reacted angrily. Their indignation was all the greater because, until then, Petrobras, coherent with its historical role as a symbol of national economic independence, had strongly defended local manufacturers, even "buying Brazilian" when other options were more economical. Henrique David de Sanson, vice-president of Abdi (Brazilian Association for the Development of Basic Industries), went further: "In the early days of the car industry, wasn't the Brazilian car three times worse and three times as expensive as the imported model? ... If Brazil wants a national capital goods industry, it must pay the price. All the developed countries have paid it. This is what having an industrial policy means."

However, more important in the long term than these recent bickerings are the queries which have been made as to the nature of the capital goods industry that is being created. It has been argued that all this spectacular growth is not leading to the

Recover

Castella compared Brazil unfavourably with India. "At the end of the 1950s, Brazil began an industrialisation process similar to India's. At the time, the two countries had comparable technological experiences, with Brazil moreover relatively more advanced in the capital goods sector. Twenty years later, Brazil has been invaded by foreign technology. ... Even making a great effort, Brazilian engineering will take years to recover."

It can thus be argued that, despite the impressive hurry of growth, Brazil has not come much closer to real autonomous development. The relations of dependency seem all too difficult to break. Earlier in the century, Brazil imported manufactured goods directly from the industrialized countries. After years of struggle, Brazil managed to produce these goods internally, but still remained dependent on equipment imports. Now, Brazil is beginning to manufacture the equipment inside the country, but continues dependent on imported technology.

Sue Branford
Sao Paulo Correspondent

Telesp Telecomunicações de São Paulo S.A. The sixth biggest company in Brazil.

Brief history The general guidelines of the Brazilian telecommunication system were introduced with the creation of TELEBRAS in 1972. To rationalise the telephone service, one of the first and also the most important measure, was the transformation of hundreds of existing small companies into big key companies for each state. TELESPP was born in April 12, 1973 with this aim, as the key company for São Paulo state. TELESPP acquired all the assets of Companhia Telefônica Brasileira - CTB, a company that formerly was called Telephone Company of Brazil, the first telephone company in the country, founded in 1880. Since its foundation up to today, TELESPP presents the following evolution:

1. Highlights.	April/73	June/77	%
Terminals in Service	486,858	973,209	100,00
Capital Stock - US\$ 10 ³	297,541 (*)	561,816	88,82
Number of Employees	13,711	21,505	56,84
Municipalities Served	233	535	129,61
Incorporated Companies	—	224	—
Toll Circuits	7,204 (+)	13,449	86,69
Telephones per 100 inhabitants	3,9	7,0	79,49

(*) US\$ 1,00 = Cr\$ 6,100 - April/1973
US\$ 1,00 = Cr\$ 14,350 - June/1977

(+) December/1973

* TELECOMUNICAÇÕES DE SÃO PAULO S/A - TELESPP is one of the biggest companies in Brazil, according to the classification of Visão magazine - "Who's Who in the Brazilian Economy" (1977 edition) - ranks in sixth position.

2. Administration. TELESPP's administration is composed of the following members:

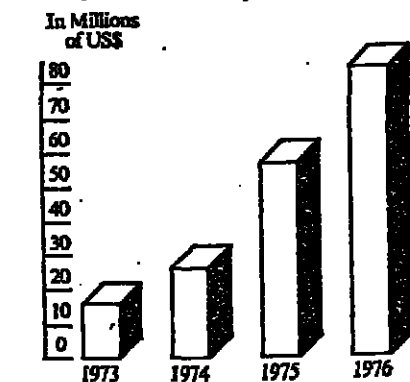
President - Antonio Salles Leite
Vice President - Carlos de Paiva Lopes
Administrative Director - Waldemar Rangel Bonfim
Financial Director - Joaquim Gilberto Calabiano
Operational Director - Levy Kaufman
Technical Director - Marco Aurélio de Almeida Rodrigues
Assistant Director - Pedro Maciel Braga

3. Capital stock composition - June/1977

	Common Stock	Preferential Stock	Total
	US\$	US\$	US\$
Telecomunicações Brasileiras S/A - TELEBRAS	202,126,012	9,579,164	211,705,176
Telecomunicações do Rio de Janeiro S/A - TELERJ	95,501,934	94,903,560	190,405,494
Emp. Bras. de Telecomunicações S/A - EMBRATTEL	40,392,000	6,182	40,398,182
Users	42,428,265	42,410,921	84,839,186
Banco do Brasil, Banco do Desenvolvimento do Estado de São Paulo, Banco do Estado de São Paulo, Banco Nacional do Desenvolvimento Econômico, Caixa Econômica Federal, Governo do Estado de São Paulo, Prefeitura do Município de São Paulo, and others	28,365,621	6,102,236	34,467,857
TOTAL	408,813,832	153,002,063	561,815,895

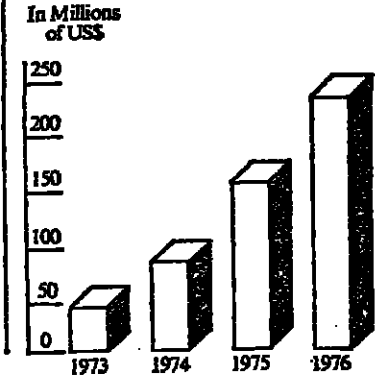
Exchange: US\$ 1,00 = Cr\$ 14,350 - June/1977

4. Evolution of net profit before income tax. Total for the period 1973/1976: US\$ 162,398,000



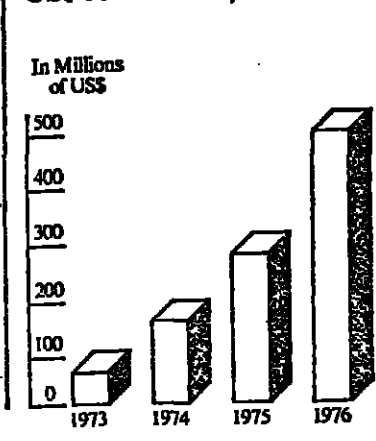
Exchange: US\$ 1,00 = Cr\$ 12,345 - Dec/1976

5. Evolution of operational revenues. Total for the period 1973/1976: US\$ 483,387,000



Exchange: US\$ 1,00 = Cr\$ 12,345 - Dec/1976

6. Evolution of fixed assets. Total for the period 1973/1976: US\$ 882,510,000



Exchange: US\$ 1,00 = Cr\$ 12,345 - Dec/1976

7. Investments forecast for the period 1977/1981.

	1977	1978	1979	1980	1981
INVESTMENTS					
US\$ Millions - By year	404,3	435,4	472,9	475,6	484,9
NEW TERMINALS INSTALLED (Thousands of terminals)					
- By year	239	292	269	180	220
- Accumulated	1,324	1,616	1,885	2,065	2,285
TOLL CIRCUITS					
- Accumulated	35,177	46,665	47,566	58,027	70,527
INFRASTRUCTURE - BY YEAR					
- Land - 1,000 m ²	260	231	225	150	107
- Buildings - 1,000 m ²	59	64	62	47	42

Exchange: US\$ 1,00 = Cr\$ 14,350 - June/1977



TELESPP
TELECOMUNICAÇÕES
DE SÃO PAULO S.A.

BRAZIL IV

Rocket site symbol of armed strength

THE PLACE is called Hell's Barrier. Lying in an empty expanse of sand dunes behind Natal, on the windy north-eastern corner of Brazil, it is a smart, whitewashed compound. Long-tailed birds pivot on the wire fence, and two donkeys graze on the grass verge outside the guarded entrance.

Inside is the Brazilian Air Force's rocket-launching site. In 1979, it will be a tracking station for the European Ariane space project, based in Cayenne, French Guiana. Recently it has been engaged in trials of the Sonda-III, a 1.6 tonne rocket made at São José dos Campos, near São Paulo. And if the other Hell's Gate is as hard to get into as this one is, then we are all in luck.

The Brazilian space programme is a fair indication of the growing military sophistication and independence of a country which earlier this year, in a quarrel with the new Carter Administration, broke off its military ties with the U.S.

Suppliers

Of the £200m. or so a year Brazil spends on military equipment, about 80 per cent. goes abroad. But a growing proportion is being made in Brazil, and the armed forces have made sure of having a range of foreign suppliers.

Brazil's range of combat vehicles—the Sauri light tank, the 90mm-cannon Cascaval, and the Uruti amphibious armoured personnel carrier—has recently been extended by another tank, labelled the XI-AI.

In the last Government, it spent \$139m. buying 500 second-hand vehicles from the U.S. but it is now largely self-sufficient. Its tank company, Engesa, is reckoned to have a turnover of \$150m. a year.

Brazil makes its own light arms and ammunition, including Belgian-patent FN rifles, the infantry weapon, Italian-patent

Beretta light automatic weapons and mortar-bombs. Under licence from West Germany and France it manufactures Cobra anti-tank rockets and Roland ground-to-air missiles, and is finding new sources for its other equipment—for instance Italian and Swiss anti-aircraft systems.

The army, besides being the most powerful of the forces keeping control of the Armed Forces General Staff, is also the most self-contained. The air force and navy rely to a far greater extent on foreign supplies. The air force is currently paying for a delivery of 42 U.S. F-5 fighters, and the rest of its fighter and transport commands is based on French Mirage and Hercules C-130s; but it already has over 60 locally-made Xavante fighter-trainers, produced under an Aer-Macchi licence, and 40 Brazilian Bandeirante light transport aircraft. A new fighter and a medium transport aircraft are on the drawing-board.

The navy is largely British-supplied, with its only aircraft carrier, the Minas Gerais, a second-hand Vintage class vessel, and new frigates and submarines currently being delivered. But it is also to build two frigates under licence, reinforcing a growing naval yard in Rio de Janeiro.

Brazil has already broken into the arms export market, selling armoured cars in the Middle East and military aircraft in Chile, Uruguay, Paraguay, Bolivia and Togo. The recently-formed Government arms company Imbel is hoping to set up joint ventures with foreign companies, including the makers of West Germany's Leopard tank, partly with a view to export.

This increasing self-dependence explains the ease with which Brazil, handed a human rights report it considered meddling and already fed up with White House opposition to its nuclear plans, shrugged off a quarter-century of close U.S. relations.

A bilateral pact, with Bolivia, Paraguay, Peru, Colombia and Venezuela in the unlikely event of having to fight on all those remote frontiers at the same time, they are relatively compact in relation to Brazil's size and population, and defence spending is no more than 2 per cent. of gross domestic product. They are built up through a selective national service system and a core of 20,000 career officers, the vast majority middle-class, not highly paid, a fair proportion sons of military families.

This was despite the importance which U.S. connections have held in the post-war Brazilian Army. General Geisel himself spent a period at Fort Leavenworth, and the man he picked for his new Army Minister last month, Gen. Fernando Belfort Bethlem, was a liaison officer in the Brazilian Expeditionary Force and holds a U.S. decoration.

Who are the Brazilian armed forces? Although they are the most powerful in Latin America, with manpower of about 250,000—enough to cope

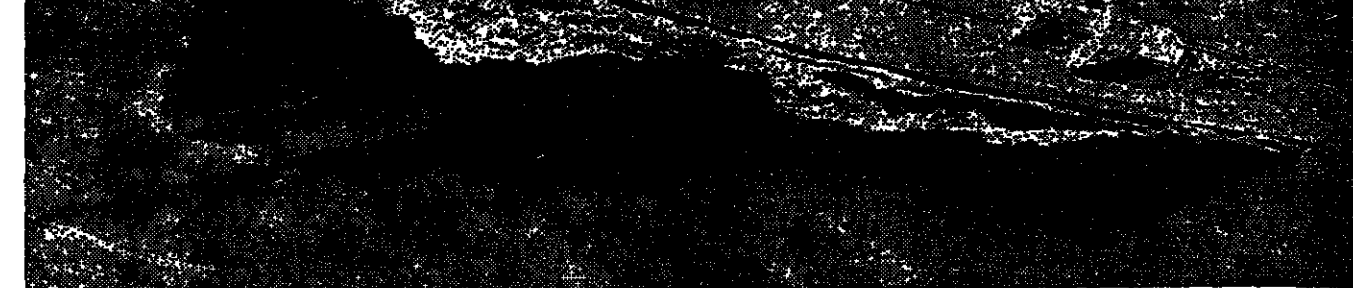
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Stalemate in coffee bargaining

IT IS OVER two years since a put to fork over \$2.25 for a kilo of ground coffee—and buyers decided coffee was overvalued. Brazil, which since May has stuck obstinately to a minimum export price of \$3.20 a pound, saw prices fall to half that level and business in its main coffee port of Santos came to a standstill.

The Brazilian authorities, which had ridden high on the boom, fought hard to keep it going.

When the London price passed \$4,000 a ton earlier in the year, something had to give. Consumers' boycott campaigns began to bite—after all, even controlled Petrobras oil group



The Niterói, one of four 3,500-ton Vosper Thornycroft Mark 10 frigates in service with the Brazilian Navy

of the armed forces in over-riding concern with the threat of revolutionary action within north of Goiás and in Pará, its Frota but which now is a change in the military as always.

But if there is no effective guerrilla threat, where is the cohesive force that keeps the military together in power? General Geisel's sacking last month of his Army Minister, General Sylvio Frota, gave clear evidence of the divisions and rivalries that have arisen within the power structure.

Never before has a Brazilian President sacked his Army Minister and survived long.

General Frota, who took a tougher line than General Geisel, replied with a declaration of military commanders, according to the Government of having abandoned the anti-Communist cause, and attacking Cuba, China, students, the Press, subversives in government, state capitalism, and the betrayal of South Africa.

This kind of rhetoric undoubtedly has a strong appeal to Brazilian military palates. But there is also a large body which might 10 years ago

Colonel Ruy Castro, an retired officer, considers hardline Right-winger in 1964 movement, warned members of the military Command that "the exercise of political power, or the control of it by the forces, takes away their authority to act in the security."

What is impossible to perceive, however, after 13 years power and its consolidation, a fighting force, is whether the army will be prepared to relinquish its hold

in 1976, in which 16m. bags were sold. Exports of soluble coffee in this total actually passed last year's figure of \$225m., with sales of \$268m. in six months.

The worry now, and the main reason Brazil is not bending over backwards to sell coffee, is that stocks will run out completely. Then, if the price goes up again, if there is another frost, Brazil will have to sit on the sidelines and watch its competitors rake in the winnings.

Ten years ago, Brazil had coffee stocks of 63m. bags. Immediately after the frost it had 27m. Half way through this year it had 6.5m., of which only 1.3m. were in the hands of the IBC.

Doubt

As an olive branch to producers, the IBC has offered to buy up coffee for its stocks, and recently increased the price by 25 per cent. to Cr.2,500 or \$164.50 a bag. However, the coffee farmers consider this no bait, want at least another Cr.500 increase, and want the IBC to cut its export levy by half and lower its export floor price to \$2 so that they can start in business again. In the current situation, the future of many small and medium-sized coffee growers is in some doubt.

Exporters have also had a bad time. Two big ones, Leite Barreiros and Bracafé, have collapsed, and the IBC is hounding about 20 more who have made "cold sales"—fictitious deals registered in order to borrow bank money against the coffee market to start bags. Small exporters have come to their knees. A Government scheme stipulates minimum levels of capital and trading volume for them to operate.

The boom brought coffee back into fashion, but the gold-rush atmosphere (in two days in February Brazil is reported to have sold \$350m. worth, more than half the value of total coffee exports in 1974) has rapidly dissipated. Farmers planted enthusiastically after the 1975 frost, which destroyed nearly all Paraná's coffee and a lot more besides, but the Government has called a halt to its replanting programme. It aimed at 300m. new bushes and there are reckoned to be 400m. The target of 130m. in Paraná was reached before schedule.

Emphasis is now being put on planting coffee where it is safe from frost, so as to stop playing Russian roulette with the world market. Plans have been mooted to plant 20m. bushes of robusta coffee in the Amazon, and Minas Gerais is growing in importance as a producer—of this year's estimated 15.5m. bags, Minas Gerais share was 4.6m., second only to São Paulo's 7m., with Paraná, traditionally the biggest, putting in a brave 1.8m.

It is now spring in Brazil, and flowerings so far promise a good harvest next year. Brazil expects to get back to produce 20m. bags and more a year, after seeing its top knocked down to 6m. bags in 1976. Perhaps after three years it will be producing crops of 28m. bags. But Brazil has expanded its other farming interests such as soy and the days of the late 1950s, when the Brazilian coffee crop touched its record of 44m. bags, which to-day would account for most of the world market, are gone for good.

But in the first half of this year Brazil had already sold 8.4m. bags of coffee, earning \$2.15bn. in export revenue, close to the record \$2.4bn. for

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BRAZIL as the Largest Sugar Cane Producer

The Brazilian Sugar cane crop in 1977/78 (beginning in June and ending in May) is expected to reach 8.5 million tonnes of sugar, raw value. This will be the largest volume of sugar ever produced in one crop. This total is possible because of the investment of over US\$1 billion made since 1972 in both the growth and production processes.

In the growth sector the genetic aspects were developed, thus creating new varieties of sugar cane with a higher degree of sucrose and a high resistance to disease and pests. It has also been possible to modernise the old plantation methods and therefore work on the sugar cane fields is progressively being taken over by technology. It is worth noting that sugar cane plantations are also the main consumers of fertilizers in the country.

The old factories have disappeared completely, and given way to modern and efficient installations. The new image of the Brazilian Sugar industry is composed of factories with average crushing capacity that varies between 3,000 and 16,000 tonnes of sugar cane every 24 hours. The Brazilian Sugar Industry is able to produce 9.5 million tonnes of sugar in 150 working days.

By next January the maritime Terminal of Macaé (Alagoas State) will be completed with storage capacity of 200,000 tonnes of sugar, and shipment capacity of 1,000 tonnes of sugar per hour. The port installations of sugar cane regions are capable of shipping 300,000 tonnes of sugar per month to the world market.

To further increase the storage capacity a Terminal will be constructed in the Port of Santos (São Paulo State) capable of stocking 400,000 tonnes and shipping 2,000 tonnes of sugar per hour.

ALCOHOL AS FUEL

Proving once more its versatility and power of adaptation, the Brazilian Industry for the 1977/78 crop, intends to reduce the volume of sugar to be supplied to the world market, in order to prevent greater deterioration of prices. It has decided to process the equivalent of 900,000 tonnes of raw sugar with 96° polarisation into alcohol. This alcohol is being mixed with petrol for motor vehicle usage and is also used as a base product in the petrochemical industry, being almost totally produced by distilleries attached to sugar factories.

By the next crop a significant number of autonomous distilleries will be constructed under the auspices of the National Alcohol Policy.

At the present time, in the State of São Paulo, cars, lorries and other petrol consuming vehicles are using a fuel mixture of 80 per cent petrol and 20 per cent sugar cane alcohol. This is an experiment that Brazil has undertaken in its research for alternatives to the problems created by high petroleum prices.

CONSUMPTION AND EXPORTATION

Brazil, with more than 110 million inhabitants, has a per capita sugar consumption of 46.250 kg. raw value. The Brazilian domestic market in 1976 absorbed 5.1 million tonnes of sugar. Demand for the current year is estimated at 5.35 million tonnes of which the food industry accounts for a little over 20 per cent of the total.

Brazilian Sugar exports after reaching their peak of almost 3.0 million tonnes in 1973, started to decline, as a result of unfavourable weather conditions. In 1977, however, exports are increasing and their total should reach around 2.2 million tonnes, almost 1.0 million over the figure for 1976.

Brazil has participated actively in the recent negotiations that resulted in a new International Sugar Agreement, expected to be effective from 1st January 1978. According to the new agreement Brazil was allocated the basic export tonnage of 2,350 thousand metric tonnes, which is lower than its capacity but which Brazil accepted in its endeavours to co-operate in the international field of price stabilisation.

INSTITUTE OF SUGAR AND ALCOHOL

The production of sugar and alcohol as well as all the domestic distribution is in the hands of private enterprise. The Institute of Sugar and Alcohol, an official body of the Ministry of Industry and Commerce, is responsible for the planning and execution of the economic policy of the sugar industry including technical and financial assistance to sugar producers. In addition to that the Institute of Sugar and Alcohol is also responsible for exports to the world market through its Exportation Division. All enquiries of a commercial nature should be submitted to this Division at:

PRACA 15 DE NOVEMBRO, 42 4TH FLOOR, RIO DE JANEIRO, (BRAZIL). TEL: 231 3370 - TELEX: (38) 2123315

The Institute of Sugar and Alcohol has an office in London acting as a permanent representative of Brazil at the International Sugar Organisation and is always readily available to provide up-to-date information to all interested parties at:

32 GREEN STREET, LONDON, W1 TEL: 01-629 1884 - TELEX: 261893

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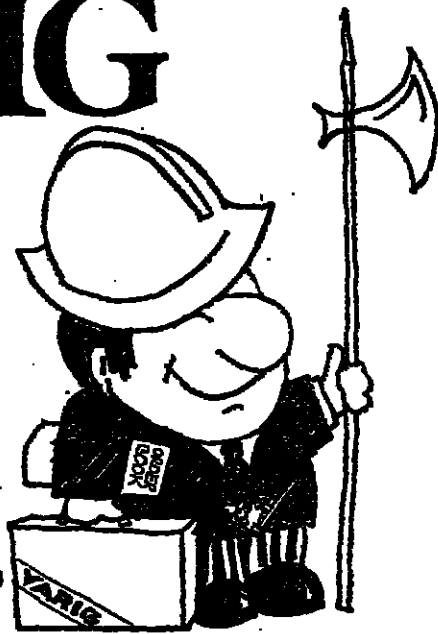
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BRAZIL VI

Costly mistakes in the Amazon

"A CATTLE ranch in the world market, we just cannot afford this kind of investment." Amazon is like marriage. It all goes well the first few years. Mistakes are very costly in the And then the problems begin." Amazon. To-day Sr. Vilela has Jose Carlos Vilela de Andrade, left the company, and the ranch, which is going from bad to back in his leather armchair, but worse, has been up for sale for over a year.

Unfortunately, the Jabuti ranch is not alone in its difficulties. Particularly in eastern Pará, around Paragominas, his 100,000-acre ranch, called Rio Jabuti, near Paragominas in the State of Pará. He set up the ranch way back in 1966, one of the first to take advantage of the tax incentives granted by SUDAM, the Amazon Development Agency. Under this scheme companies can deduct up to 50 per cent of income tax payable if it is invested in an approved project in the Amazon region. To ensure a regular flow of tax rebates, Sr. Vilela set up a 50-50 joint venture with Villares, a large São Paulo engineering group in which Chase Manhattan has a small stake.

Sr. Vilela was one of the first big ranchers to arrive in this area of the Amazon. He recalls with amusement the curiosity shown by the local population of peasant farmers when he brought in the first tractor. They all collected around in astonishment when it was stationary, but ran off scared into the jungle when he revved the engine.

At the time, land was absurdly cheap. They paid a symbolic price, just 10p per acre, for their huge ranch. Sr. Vilela cleared the land the traditional way, slashing down the forest and then burning the dead vegetation. He carried on in much the same way as if he were farming the rich soil in southern Brazil, planting guinea grass without bothering about legumes. The first problems arose a few years later with increasing signs of soil erosion and the rapid growth of stunted bush vegetation called "juquira". If labourers were employed on a large scale ranch is an amazing \$37,000 to clear away the "juquira" and fertilisers applied, the land could recuperate. "However," Sr. Vilela observes, "with the present price of beef on the

Provision

The government certainly has not been mean-fisted in its provision of funds. Up to now, \$218m. has been handed back in tax rebates to the farmers. Not all of this money is actually invested on the ranches. As some of the managers of the ranches complain, the system is corrupt, with numerous farms just existing on paper to justify the rebate. However, over 100 large ranches are actually underway, with varying degrees of success.

The largest of the ranches is also one of the most advanced. This farm, which is situated in the north of Mato Grosso, is now controlled by the São Paulo subsidiary of the Italian company Liquegas. The area is 112,569 head of cattle by 1983-84. It is expected to obtain 74 per cent of the total investment from tax incentives.

Even so, it only worked out at \$21,000, which averages just 4p per acre. This illustrates very vividly the very small proportion of the total investment that the price of land plays. Under this third project, which is still in process of implementation, the ranch should break even in 1982, when the herd of cattle reaches 124,460 head. By the end of 1973, \$2m. had been invested in the farm; by 1980, this should have tripled. The heaviest predicted investment, by the end of 1983 is expected to be the purchase of cattle, which is anticipated to absorb 44 per cent of the total investment. Next comes the formation of pastureland, 23 per cent. The actual cost of the land is only 0.03 per cent. The ranch expects to obtain 75 per cent of the total investment through the tax incentive scheme.

Volkswagen also has a large 345,000 acre ranch, further to the north. When it arrived in the region in 1974, land values had increased considerably. In its project submitted to SUDAM



Rounding up cattle in the Amazon.

in 1974, VW revealed that it paid \$380,000 for the ranch, which works out at \$2.50 per acre. Although this is 60 times more than was paid on the Liquegas ranch, the land cannot be considered expensive. Indeed, it is only 8.8 per cent of the planned investment of \$10m. For VW too, the heaviest items are purchase of cattle (41 per cent) and formation of pastureland (21 per cent). VW plans to have 112,569 head of cattle by 1983-84. It is expected to obtain 74 per cent of the total investment from tax incentives.

Ecology

As well as the tax rebates, which should be seen as a form of public investment, the Government has ploughed heavy resources into road-building. About \$60m. was spent on the hasty construction of the 5,000 km Transamazon Highway in 1970-71. This huge project was carried out at breakneck speed. No time was allowed for adequate planning. In these conditions, ridiculous mistakes were made: draining pipes proved much too small, the same meandering river was crossed three or four times because no-one knew that it was simply a case of diverting the road a few hundred yards. More recently, it has been discovered that 150 km of the road will be flooded in a few years' time when the Tucuruí hydroelectric power station is constructed.

This will lead to considerable reconstruction, which would have been avoided if the different ministries had co-ordinated their activities. Even at the time, the excessive haste was evident. Jorge Babet Miranda, then president of the Banco de Amazônia, commented in 1971: "If an economic viability study was carried out to see if the Transamazon road is the right option, we should see that it is not. The road is clearly a political decision."

However, here too problems arise, as many farmers are using powerful herbicides, including orange agent, to clear away the "juquira" that springs up after the initial clearing. And these herbicides, which do not affect guinea grass, kill off all broad-leaved plants, including legumes. And no one knows how long these herbicides remain effective in the soil. It may be three years, or five, or ten.

And time is running out. However, these mistakes are insignificant when compared with the permanent ecological damage that may be occurring with the indiscriminate cutting down of the jungle. Every schoolchild has heard of the luxuriant Amazonian rain forest, where trees grow up to 100 feet high. What is less well known is the fact that the lush vegetation is the result of a complex interchange by which limited amounts of nutrients are recycled within the ecosystem. About three-quarters of the Amazonian jungle is covering acidic laterite soils. These readily become hard and brittle (laterite) when bared and exposed to long hours of sunshine. The delicate balance is respected by the Indians, who live by hunting, collecting forest products and replanting root plants, such as cassava and sweet potato.

With the cutting down of the jungle, the new settlers are eliminating the native root plants and attempting to establish simpler, more intensive ecosystems. The new systems, whether based on grass seed for cattle-rearing or food crops, such as rice, beans and maize, planted by the peasant farmers, take many more proteins out of the soil. At the very least, if the fertility is to be maintained, the grass seed must be sown with legumes that capture nitrogen from the air, thus fixing it in the soil.

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According to Warwick director of INPA, the Institute of Amazon Research, almost 50 per cent of the Amazon jungle has been cleared.

One of the difficulties of the present has been the single coherent view. Until recently some government organs, like SUDAM, encouraged Brazilian foreign businessmen to ranches and paid attention to ecological problems. In the past few months, SUDAM finally see becoming aware—and being scared—of the ecological problems of the ranches are great agency, which approve cattle projects in a crumpled fashion in a few days, is now turning also set up a commission to study the devastation of the cattle ranches in Pará, with the help of the satellite.

There are also a few IBDF (the Brazilian Institute for Forest Development) finally obtaining substantial assistance. In this institute, which is understaffed, has been alone to enforce existing laws. Not surprisingly, it has been extremely poor. Brazil's leading biologist, defender of Brazilian fauna, commented on its present record: "It is not to turn into a desert."

However, the new almost unwittingly a motion by the Gover recent development policy difficult to halt. Vigor effective measures taken urgently if the is not to turn into a desert.

Museum of money

"THERE ARE people with guns at the door so passers-by are put off and we don't get as many visitors as we should."

Two square pieces, the first in silver, the second in gold, are shown at the first coins to bear the word Brazil. They were struck not at the command of the Portuguese king in Lisbon but on the orders of the Dutch but in the mid-17th century had gained a foothold in the north-east and who, had the course of history flowed differently, would have put an end to Portuguese rule.

Coinage

The museum also contains the products of the first mints set up by the Portuguese in Brazil to refine and coin local metals. The Bahia mint was set up in 1694, to be followed shortly after by establishments in Rio de Janeiro and Pernambuco.

Brazil was never able to compete in the production of precious metals with the colonies of Spain, and it was only to be expected that much of the currency circulating in Brazil was Spanish pieces, revaluated for common use in Brazil with Portuguese royal arms stamped on with a punch on silver coins from Potosí, Lima or elsewhere, reworked with Portuguese motifs.

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The first currency notes, like the first coin bearing the word Brazil, were due to the Dutch. Issued in 1640 in the face of the threat of attack from a Spanish fleet, the notes came back in the 18th century in the form of receipts for gold dust from the working of Minas Gerais and other mining centres, but the first systematised use of paper currency—one that doubtless would have rejoiced the heart of HM Commissioners of Inland Revenue—had been there at the time—came in 1898. In that year Gold Dust Exchange Certificates, already printed, went into circulation and were accepted for payments due to the Royal Treasury.

Coinage

The same year saw the setting up of the Banco do Brasil, which was to issue notes from then on until 1923. Of these notes, and of the stream of coins which were issued in the time of the Brazilian Empire and the republic which replaced it in 1889, the museum has plentiful samples.

Sr. Soares can show, for example, the first coins of Dom Pedro I, the member of the Portuguese royal house who declared himself emperor of Brazil in 1822 and who had Portuguese coins in circulation stamped with his own coat of arms and branches of tobacco

and coffee in common of his coronation.

Among the modern notes the museum has the first of the present variety set of banknotes which into existence after the Bank was set up in 1911. The old cruzeiro replaced new cruzeiro worth 200 old units. Unlike the cruzeiros which were printed in Brazil, the new cruzeiros were printed in the U.S.A. by the U.S. Government.

Coinage

The same year saw the setting up of the Banco do Brasil, which was to issue notes from then on until 1923. Of these notes, and of the stream of coins which were issued in the time of the Brazilian Empire and the republic which replaced it in 1889, the museum has plentiful samples.

Sr. Soares can show, for example, the first coins of Dom Pedro I, the member of the Portuguese royal house who declared himself emperor of Brazil in 1822 and who had Portuguese coins in circulation stamped with his own coat of arms and branches of tobacco

Racial equality still a long way off

ALMOST any Brazilian and whites and Indians and at the race problem, and he whites rarely inter-married, assume you are talking about the children, and at Southern Africa, the white families took to the pater- nity of the prejudice of having illegitimate children, as the exception, the children of their maid in a world of racial discord servants.

Two key figures in Brazilian race relations are the 18th-century leprosy sculptor known as Aleijadinho, and the 18th-century novelist Machado de Assis, who were both mulattoes.

Brazil now has the largest mixed-race population in the world. One of the problems in looking at its race situation is that it does not divide neatly into white and black groups.

Officially, discrimination has been outlawed since abolition, but in practice it has never been abolished. In Rio de Janeiro, supporting apartheid in South Africa, are treated as a joke, there have never been racist lynch-mobs.

Acceptance

Brazilian blacks have never been accepted as a group, but some black intellectuals have for years been pressing for them to do so, seeing in the black movements that have gained acceptance in the U.S. and elsewhere the only means of achieving genuine equality.

The problem is, who are the blacks? Many who in the U.S. would consider themselves black, in Brazil consider themselves mulatto, which itself embraces a whole range of physical types. On the other hand, the red-haired mulatto known as a *sertão* would in the U.S. pass for white, though he

is not considered so in Brazil.

It is also difficult to identify a separate black culture, since many elements of the cultures brought in the slave-ships from present-day Nigeria and Angola have been absorbed by Brazilian society as a whole. It is not just a question of blacks and whites dancing samba together in the carnival. White musicians belong to the same mixed tradition as black musicians. Tradition people attend Afro-Brazilian religious cults, where they pay respects to the same deities—African gods who double-up as Christian saints—and go into the same trances.

A number of African expressions form part of the Brazilian idiom. And the words "negro" and "negra"—masculine and feminine corruptions of the word "negro"—and only translatable as something like "darky"—are used as terms of endearment, to black and white alike.

But for all this, Brazil is a country where whites dominate. For a long time the majority was black, but in this century the proportion of whites has increased to more than half, boosted by the influx of Europeans to the fertile southern farmlands. In 1890, Brazil was reckoned to be 44 per cent white, 41 per cent mulatto and 15 per cent black. In 1950, whites accounted for 62 per cent, mulattos 27 per cent, and blacks 11 per cent (Indians being a tiny and declining minority).

The most recent census dropped the racial classification, partly on the grounds that people's definition of their own colour as white, black, brown or yellow was unreliable. Probably

this made the count of whites larger than it really was—in itself an indication of what colour means in Brazil.

Although Brazil has had a half-Indian president, blacks are absent from senior government ranks, the diplomatic corps and the officer class of the navy. The police force is largely non-white. On the other hand, I have seen only one black steward on a Brazilian airline, and never a black air hostess, although there are lots of Japanese. Japanese, recent immigrant families who now number 1m, have been totally integrated and many hold responsible positions; there is a Japanese Minister of State.

Meanwhile the Ambassador of a Francophone African country in Brasilia finds he is mistaken for his chauffeur and asked to wait outside in his car.

Prejudice

The degree of prejudice varies greatly between regions. In an inverse pattern to the U.S., it is greatest where blacks make the smallest minority, in the south, and there are periodic racial incidents where blacks come up against bar-owners or examination boards; these are loudly stamped down on by the government, which has become equally loud in its repudiation of racial divisions in other countries.

Bahia, blacker than Mississippi, with whites counting for less than a third, is more integrated than any other region. São Paulo shows more evidence of prejudice than Rio de Janeiro. Where, then, does this leave the 19th century abolitionist

Joaquim Nabuco with his judgment that "Brazil's system of absolute equality opened, without doubt, a better future for the black race than was its horizon in North America?"

Brazil's division is less racial than economic. It has a rigid system of classes, where people at the bottom do not climb to the top, unless they are enterprisers or footballers. This applies to white as well as black, but the majority of those at the bottom are black. The or mulatto—two thirds, for instance of Rio's favela population. The black footballer Pelé, who is married to a white woman, has said with some accuracy that "where a rich white man goes, a rich black man can go too. Where a poor black man cannot go, a poor white cannot go either."

Brazilian mothers prefer their daughters to marry someone fairer than themselves rather than darker, because the economic and social scale is pale at the top and dark at the bottom. Brazil has only recently aimed at black consumers advertising a black couple going to a bank. Usually the advertising business only features blacks as maids.

It is possible to see Brazil as being in a pre-confrontation stage and to envisage a future conflict when more blacks begin to seek better-paid jobs. But Brazil's racial background, its structure and attitudes are so different from those of the U.S. that it would be perilous to chart its future on the basis of what happened there. One of the two biggest slave societies of modern history, Brazil's recovery from the jolt of abolition has been bad in the economic sense but very much smoother in the racial sense. It is a complex and in many ways inscrutable country, with on the one hand a scale of inequality that would have produced eruptions anywhere else, and on the other hand a rare habit of tolerance.

D.W.

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BARCLAYS
International

Farmers exploit the Savanna

PERHAPS ONE DAY it will be Brazil's Middle West. Between the Atlantic states and the Amazon forest stretches an area of savanna about one-fifth the size of the U.S. It is through this no-man's land you pass on the bus route to Brasilia. A country of untidy scrub, stunted trees and changing colours, it is the least known about part of Brazil. Most Brazilians know it only because of the dry, long-stalked flowers which people bring back from visits to the pital.

But Brazil is beginning to discover that the savanna can be tamed, and if the remaining chemical problems can be overcome it will radically alter Brazil's future as a food producer.

The savanna is 445m. acres of land. This is almost 41 times the total area currently under cultivation each year in Brazil, 100m. acres which have ready put Brazil in a position to become the world's second most important food exporter and to enter into competition with U.S. farm products. Including patches in Colombia, Venezuela and Guyana, South America is reckoned to have 270m. acres of farmable savanna, more than in typical Africa or Asia and about 3 per cent of all the unused, potentially arable land left on earth. The Brazilian savanna, mostly concentrated in the central states of Minas Gerais, Goiás and Mato Grosso, is an area of 100m. acres, of whom about 3m. live in towns. Traditional farming is mainly limited to small-scale cattle breeding and plant rice.

Office

Big farmers are already moving into the rich lands of the region in Mato Grosso and the north of Minas Gerais, moving from the southern states where Brazilian agriculture has been centred ever since the first office boom.

The first soya and wheat harvests have been brought in, and wheat yields on irrigated land prove consistently better than in the best areas of Rio Grande do Sul. Government researchers have found average yields of 2 tonnes per hectare, compared with a maximum of 2 tonnes in the south, even in the first stages—a contrast with the usual pattern of agricultural expansion, which has been by area rather than by productivity.

Irrigated rice is expected to reduce two and a half harvests a year. Above all, the gentle slopes and the nature of the



A farmer at work in the savanna.

soil makes mechanised farming easy. The ground can be tilled even in the dry season and is never impassable. And larger areas can be farmed than in the Amazon, (CPAC). The centre was launched two years ago and is now outgrowing its original installations. About £1.7m. as being spent this year and the budget in 1978.

But soil and conditions within the savanna vary greatly and require detailed research. The terrain breaks down into four basic kinds, tree-scattered scrub, which covers about 60 per cent of the territory, patches of taller trees, linings of thick forest along river banks and higher regions which are bare except for an unusable species of dry grass.

About 20 miles outside Brasilia, a group of scientists is running an impressively-organised experimental farm of 6,400 acres. New and traditional crops are being tried in a variety of conditions, and irrigated pastures turning the savanna into a lush yellow-green. Wheat has just been harvested, and there is oats, barley and sorghum. Coffee trees are thriving in the north of the savanna, the first savanna coffee crop is already due next year. The research unit is also trying several hundred varieties of manioc, a staple root plant which has gained a new importance as a source of alcohol for mixing with petrol. Cotton and citrus fruits are being cultivated, alongside rubber trees and more on less everything else except tobacco, with a break in the

"We have not had any crop that has not produced encouraging results," says Sr. Elmar Wagner, head of the Savanna Research Centre (CPAC).

The centre was launched two years ago and is now outgrowing its original installations. About £1.7m. as being spent this year and the budget in 1978.

Tobacco

Souza Cruz the Brazilian BAT subsidiary is also collaborating with the centre on the possibility of a major tobacco plantation. Other big fish are moving independently into the region. One farmer near Brasilia has 108,200 acres; another has 148,250 acres. According to Sr. Wagner, nine tenths of farms being set up are more than 500 acres.

The problem of farming in the savanna is the high level of initial investment needed on fertilisers and irrigation in order to make crops worthwhile. The scrubland's drawbacks are high phosphorus fixation, which means that a lot of fertiliser has to go in before it begins to benefit crops, nutrient deficiency, aluminium toxicity and above all water shortages with a break in the

October-to-April rainy season which makes rice production precarious.

Experiments are aimed at developing technology as close as possible to that already used by ordinary farmers trying new crop sequences to improve on the traditional pattern of rice one year, rice the next year and pasture the year after.

The Federal Government has a finance programme aimed at developing the region around Brasilia, which started at the same time as the research centre and means that some local farmers, at least, will be able to find themselves a place alongside the big and frequently foreign interests.

Sr. Wagner says that despite the high start-up cost, crops have proved economic after the first year. With lower expenditure on fertiliser and so forth, they take several years to become lucrative.

Transport is a high cost factor, since equipment has to be carried in and crops out by road; there is no railway and petrol is expensive. Development so far has been mainly limited to the parts of the savanna closest to the southern marketing networks and consumer centres. There are some 50 projects planned around Unai in northern Minas Gerais. In 1975 it was planned to open up 670,000 acres; the actual figure was twice as much. The current scheme to expand savanna farming by 1m. hectares or 2.47m. acres a year is so far going to schedule.

D.W.

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BRAZIL VIII

On this page our correspondents describe four Brazilians from different walks of life: writer, popular singer, politician and ambassador.

Roberto de Oliveira Campos

THE BRAZILIAN foreign ministry has been particularly acute in its choice of ambassadors to Britain. In the late 1960s and the early 1970s it sent Sr. Sérgio Correla da Costa, now ambassador at the UN. Sr. Costa, a man with close connections with the Brazilian monarchists, courtly manners and a refined taste in pictures, was just the man to preside at the former Cowdray mansion in Mount Street. Foreigners were falling over themselves to invest in Brazil or lend to it through the London money market, which was lucky for a man whose forte was not finance. The crisis point was human rights and the treatment of the Amazonian Indians.

In the task of trying to subvert criticism of the Brazilian Government on these counts no one could have projected a more civilised image than the (then) ambassador.

Sr. Roberto de Oliveira Campos, the present envoy, is a man of a different temper, though curiously both of them graduated into the foreign service at the same time in 1939. Sr. Campos is fully aware of most of the tricks of the trade in the rough world of business, and as worries about Brazil's economic future are expressed more often in London he is the man to talk to bankers and businessmen in their own language. It is a bull point to him that he can do so with wit and a fair share of asphyxiation.

Born in 1917 in Curitiba, the capital of the state of Mato Grosso, the young Campos, unlikely as it would seem to those who know him to-day, decided that he wanted to make a career in the Catholic Church. He studied until he was 30 at the seminaries of Guaxupé and Belo Horizonte but decided in the end that the life was not for him.

"My departure from the seminary was a case of intellectual rebellion," he comments. "I wanted to read the books on the Index Librorum Prohibitorum. You know, things like the works of Anatole France." The theologian and the diplomat did not take long to acquire a sound grasp of economics. The years he has spent in London have done nothing to diminish the prestige he enjoys among conservative circles in Brazil, and few people think that the ambassadorship in London will be the last position of importance that he will occupy. I asked him if he thought that he might one day become president. "No, not at all. My country does not deserve such punishment." And he laughed.

He recalls that he had a difficult task in the U.S. capital. "There is a tremendous sense of power rating in Washington. The envoys of great power had a lot of influence, and the ambassadors of those countries could on occasion indulge in the luxury of being less than intelligent. The envoys of the second line countries were rated highly if they were thought to have influence with their governments. I suffered from the fact that it was known that I had big differences with the Goulart Government and that it did not take my advice. I tried to compensate for this by strengthening relations with the academic community and the Kennedy family."

All of this in its turn was the best preparation for the job which most firmly established his reputation as a conservative economic planner of great forcefulness, that of Minister of Planning and Co-ordination in the first military Government after the coup d'état of 1964.

He more than anyone else fixed the course of future economic policy, opening the country to foreign capital and fixing the foundations for the policy of export-led growth which was to be put into practice by his successor and disciple, Professor Antonio Delim Neto.

A period out of Government but circulating in a number of international bodies gave him an opportunity to give more time to his own business interests, which grew steadily before he was sent off again to represent his country.



H.O.S.

Dr. Roberto de Oliveira Campos.

Chico Buarque



Chico Buarque.

BRAZILIAN POPULAR music is a much richer and in many ways more sophisticated thing than its English counterpart. Not least, it has a tradition of poet-songwriters, which has its high points in the 1930s samba-songs of Noel Rosa and the contemporary work of Chico Buarque de Hollanda.

In the past ten years, Chico Buarque has built himself a virtual house arrest during uncontented special place among Brazilian musicians. Now 33, he has not outgrown a certain image of shyness. "I am not a poet," he has insisted. "I write lyrics for songs and not poems." But his songs betray not only a knowledge of all the different forms of Brazilian popular music, but also a passion for language, for toying with words and far-fetched rhymes.

For some years, he has become increasingly involved in theatre. His Gota d'Água (roughly translated "The Last Straw"), co-written with the late Paulo Pontes, a transposition of Euripides' Medea into a working class suburb, with a mixture of tragedy, bawdy humour, political satire and a few good songs, has had long runs in Rio de Janeiro and São Paulo.

Chico Buarque is the son of a distinguished piano-playing historian, Sérgio Buarque de Hollanda. Brought up in strict Catholic fashion, he became attached to a conservative religious group whose leaders are now involved in an extreme Right-wing organisation called Tradition, Family and Property. Chico Buarque's trajectory, after taking after an unsuccessful architecture course and getting caught up in the tail of the bossa nova movement, has been rather different.

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Antônio Callado

"NO WRITER CAN exclude himself in Brazil is a book English-leans towards what he thinks. Otherwise he which sells 30,000 copies. And second, is characterless." Antônio Callado, a writer like Callado, has been translated into English. Callado, whose small literary output places him among the best of Brazil's best modern novelists, Italian, Brazilian writers are Joyce, Proust and Mann. Callado is currently engaged in re-writing a play, P. Antônio Callado the journalist, ago that only two Brazilian writers were making a living from their books. One, Erico Veríssimo, is dead, and the other is not himself but Callado the novelist, however, Babá novelist Jorge Amado. Callado places himself in the middle of two distinct streams of Brazilian literature since the last century. One, stemming from the romantic writer José de Alencar, is effusive and savage, involved in the immensity of Brazil, the hero, Father Nando, urnates on a plague commemorating the 1964 Revolução. Another fiction-writing Jamesian father-figure of the Brazilian novel, Machado de Assis, is ironic, dry and arrested the other week for gesting in a newspaper that that was what people did on stables of military heroes.

The leeway given to novelists writing soap-opera serials, for television and often when they write plays—reflects the narrow range of their readership. A—and, incidentally, partly in

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José Magalhães Pinto

FOR THE first time since Brazil age that his candidacy is difficult introduced indirect elections for to remove. When General President in 1965 — a process Frota, the Army Minister, face. That has always assured the started rallying an extreme success of the army's nominee. Right-wing campaign, the President was able to seek him. The associated with Minas G ward to be the official candidate, although he was until recently president of the Senate, nor smokes and rarely date.

Senator José Magalhães Pinto is an old fox of Brazilian politics, a leading figure in the Government party, the National Renewal Alliance (Arena), and would be an unlikely nominee for someone so "freaky" private bank, Banco Nacional, identified with the "ideals" that the military to power in the Brazilian scene for a good two decades — with his monumental bald head, heavy jawed, heavy-spectacled, weighing down on a small frame — the senator believes he is the one man who can bridge dissensions between military and civilian points of view.

He claims some military support for his candidacy, although he almost certainly lacks the kind of support he would need (most importantly that of President Geisel).

But Sr. Magalhães Pinto is scoring some points in his campaign. He has the great advantage that his candidacy is difficult to remove. When General Frota, the Army Minister, face. That has always assured the started rallying an extreme success of the army's nominee. Right-wing campaign, the President was able to seek him. The associated with Minas G ward to be the official candidate, although he was until recently president of the Senate, nor smokes and rarely date.

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Midland in Brazil.



Mr. Donald Pearson, Group Representative in Brazil.

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IRON ORE We've got a lot of it in Brazil

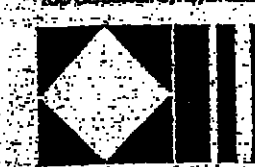


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If you want to know more about our company get in touch with us at the address below:

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Rio de Janeiro, RJ, Brazil.



Companhia Vale do Rio Doce

مكازم الأصيل

Time the trade unions grew up

creased cost, should be ascribed to this, rather than to improve patient care. For example, if junior doctors were to work fewer hours this might benefit doctors (by increased leisure) and also patients (by having less tired doctors attending them). The Department is studying historic data with a view to improving the method for analysing the causes of increases in unit costs, and will keep the Committee informed of the results."

One can imagine the smirks of self-satisfaction on the faces of the Civil Servants who invented that reply. It would not be so bad if there could be any faith in the ability of DHSS to work out the figure the Parliamentary Committee asked for, for then this would be no more than an ordinary instance of officials refusing to divulge public information to representatives of the public. But the clever-clever evasive reply reprinted above probably does not conceal real data that the DHSS is too discreet to publish. The far more likely position is that they did not understand the question.

The smirk

NOR is this the only example of its kind: Command 6871 is full of other such nuggets. Our only hope lies in pressing forward for the right to request information from the departments we pay for, which means supporting a far more meaningful Freedom of Information act than anything any of the Civil Servants have yet allowed their Ministers to contemplate. Meanwhile, the Parliamentary select committees will just have to slog along, in spite of the insulting answers provided to the representatives of the people by the servants of the people.

To-day's Events

SELECT COMMITTEE, NATIONALISED Industries. (sub-committee A). Subject: British Waterways Board. Witnesses: National Water Council (Room 8, 4 p.m.).

OFFICIAL STATISTICS
Vehicle production (October, provisional).

COMPANY RESULTS
Associated British Foods (half-year). Smith Industries (full year). Whitbread and Company (half-year).

COMPANY MEETINGS
Regill Holdings, Burton on Trent, 19. Staffordshire Potteries, Stoke on Trent, 12.30.

The value of a life bond

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Muddle over pension schemes

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COMPANY NEWS + COMMENT

Lucas £21m. ahead—to spend £125m.

SALES FOR the year to July 31, 1977 by Lucas Industries expanded from £719.25m. to £836.07m. and pre-tax profits advanced from £25.81m. to a record £77.28m. after £34.67m. against £21.04m. for the first half.

Full year earnings are shown to be ahead from 36.27p to 39.14p per £1 share and the dividend is lifted from 7.38p to 8.22p net with a final of 6.08p.

Mr. Bernard Scott, the chairman, says that the £100m. expenditure programme has been successfully carried through involving £80m. in new capital and £40m. from revenue.

It is intended to spend a further £125m. in the current year on the group's factories and facilities with £60m. from revenue. The chairman reports that £100m. will be spent in the U.K. where he is determined to maintain our factories at the standard required to ensure our ability to compete in world markets. There will also be a further investment in the factories of overseas associated companies of which the Lucas share will be £12m.

U.K. sales increased from £497.3m. to £611.2m. and overseas sales from £221.9m. to £224.8m. Lucas share of overseas associates' sales came to a further £50m.

Direct exports rose by £28m. to £40m. In addition indirect exports of components are estimated at £180m. The combined result is that two-thirds of all Lucas business arises overseas.

5,000 new jobs

Of pre-tax profits £57.1m. was gained in the U.K. and £20.2m. overseas. Mr. Scott states that five thousand new jobs were created in the U.K. during the year. The profits increase is a continuation of the trend to bring the profits up to a level which is keeping with the rise of the investment in the business. The higher U.K. profits have been derived mainly from better performance but also reflect the benefits of the £40m. additional capital raised from the shareholders in May 1976.

The improved results have been achieved during the difficult economic conditions which have prevailed in the U.K. The high rate of inflation has brought great pressure on living standards and has led to industrial unrest but the majority of Lucas factories have been working normally throughout the year and this has been an important factor in achieving the results.

The principal U.K. subsidiaries, which manufacture vehicle electrical, diesel engine, braking equipment and batteries, all contributed to the improved performance. The diesel fuel injection equipment business continues to attract strength and the recent large investment in more and improved facilities is beginning to bear fruit.

A notable success was the securing of an important contract

HIGHLIGHTS

Lucas reports good results for the year to July but the market is now concerned about the impact of labour unrest in the current year and the company has already endured a lengthy strike by toolmakers. Coral Group is making a £6m. rights issue while profits are well ahead after 38 weeks and the dividend has been increased by 50 per cent. Lex also discusses the bid by Philips for Electronic Rentals and the Swan Hunter accounts which reveal the company's plans to distribute part of the nationalisation proceeds to shareholders. Capper-Neill profits after six months are 36 per cent. higher but there are doubts about prospects in the current half, while M.Y. Dart has produced profits in line with the rights issue forecast.

to supply equipment to Volkswagen in West Germany. In addition, the group has proceeded with its investment programme in the electronics, electrical, brake and battery businesses which is also contributing to the better performance.

Overseas, while turnover increased by 21 per cent., profits showed a small reduction. Profits were seriously affected by losses in Brazil which were largely brought about by the high cost of financing import deposits imposed by the Brazilian Government just when the group was importing heavily to expand its new diesel fuel injection equipment factory. The businesses in both Australia and South Africa also suffered from poor economic conditions.

The aircraft equipment business is passing through a difficult period. While turnover was the same there was a reduction in volume terms reflecting the phase of low activity in the industry. The industrial equipment business continued the good progress made in the last few years.

Cash at bank and in hand at July 31 stood at £47.94m. (£60.80m.) and bank overdrafts and short-term loans at £45.32m. (£38.35m.).

See Lex

Airflow doubled midway

TAXABLE PROFIT of body engineers and vehicle dealers, Airflow Streamlines, jumped £340,000 to £456,000 in the half year ended August 31, 1977, on turnover £1.8m. higher at £3.2m.

Profit is subject to tax of £244,000 (£112,000) and retained profit is ahead from £73,673 to £178,304. Interim dividend is lifted from 1.1p to 1.25p net per 25p share and an additional 0.507p is declared for 1976. A total 4.4p was paid last year.

Directors report that a high level of production was maintained in the manufacturing division in the half, with a satisfactory result produced. The motor division continued to make progress with increased sales and a satisfactory profit achieved.

British Ind. & General Investment

Record taxable revenue of £256,124 compared with £243,339 is reported by British Industries and General Investment Trust for the September 30 1977 year. At half-time revenue was ahead from £102,300 to £120,200.

After tax of £112,567 (£98,179) net revenue is £172,537 against £143,174. The final dividend of 1.45 pence per 25p share takes the total payment from 5p to 5.45p.

Net asset value, fully diluted, is stated at 141p against 122p.

Credit Data back in profit

Just one year after Mr. Paul Brooks took over as chairman and managing director, Credit Data, of Manchester, which claims to be the biggest credit services com-

pany in the U.K., is back in profits after three years of losses.

Last year's pre-tax loss of £11m. has been turned into a profit of £25,000 for the 12 months to June 30, 1977, after an extraordinary item of £27,500 which was spent improving the voters roll service.

£0.3m. fall at Tysons so far

WITH TURNOVER clipped from £8.17m. to £5.31m., taxable profit of construction engineers Tysons (Contractors) plummeted from £377,711 to £4,094 in the six months ended June 30, 1977. But an improved result is expected for the second half.

Mr. W. L. Tyson, chairman, said in his annual report that although a revival in the country's economy may be showing there was a time lag before benefits flowed to the building industry. This lag, coupled with spending cuts, was likely to cause a shortage of work for some time resulting in severe competition.

Profit before tax of £13,450 (£173,000) and earnings per 10p share are stated at 0.41p against 2.29p last year. In 1976 taxable profit was a record £798,172 and a dividend of 2.1175p was paid.

But, directors say, there are a number of factors likely to contribute to a lower level of profit in 1977, among which are that the company is currently engaged on a number of developments undertaken on its own initiative, the profits of which will not be reflected in the financial accounts for 1977.

Also, profit take-up on contracts for clients is in accordance with the accounting policies adopted by the company whereby only two-thirds profit is reflected in the financial accounts when major contracts are sufficiently advanced for the realisation of those profits to be established with reasonable certainty. On average this normally means contracts being 50 per cent. complete. It is anticipated that there will be an improvement in the profits for the second half of the year.

Record year for London Entertainments

Theatre production and management group London Entertainments posted taxable profit from £79,480 to a peak £98,216 in the year to August 31, 1977.

Tax takes £44,880 compared with £35,532 last time, with net profit at £53,336 against £43,636 in 1976. Earnings per 20p share are stated at 1.45p (1.19p) and the dividend is stepped up from 1.15p to 1.37p.

ISSUE NEWS AND COMMENT

Coral raising £6m.—profits expand

Coral Leisure is proposing to raise £6m. by way of a rights issue to Ordinary shareholders. The issue will be of one new share for every eight held as at October 21, 1977, at a price of 250p per share. The shares closed 11p higher in the market at 241p.

As forecast in the chairman's statement published last April turnover and profits show a substantial improvement over those recorded for 1976. Unaudited accounts for the 38 weeks ended September 25, 1977, show a 25 per cent. increase in turnover compared with £7.8m. for the same period last year.

Treasury content has been obtained to increase the total dividend payable for 1977, on the increased capital, to a maximum of 12p net per share. The Board intends to recommend a final dividend of 6.5p net per share, giving a yield at the issue price of 9.1 per cent.

Overseas boost for Capper-Neill midway

DUE to an expansion of group activities overseas turnover of Capper-Neill rose from £21.25m. to £26.5m. for the half year to September 30, 1977 and as a result pre-tax profits advanced from £1.51m. to £2.06m.

Although the impact on profits of the much increased order book is unlikely to be effective before the year end, the directors expect full year profits somewhat in excess of last year's £4.2m. and anticipate a maximum permitted dividend of 1.25p.

Meanwhile the interim payment is effectively lifted from 0.9438p to 1.0341p net per 10p share. Last year's total was equal to 1.2874p. After a one-for-two scrip issue, an additional 0.0145p is now also declared for 1976-77 following the reduction in A.C.T.

The directors report that the improved results have been achieved by increased activity in overseas markets which are continuing to expand.

The anticipated upsurge in U.K. economic activity failed to materialise, however, and led to a rather disappointing result in this area. Present indications are that this may well continue for the remainder of the year.

The group's major activity remains in site construction work throughout an increasing range of processes which cover a widening spread of industries and markets and growth is expected to continue.

Lake & Elliott looks to second half

First half profits for the current year are unlikely to be much changed from last year, Mr. Peter Lake, chairman of Lake & Elliott, says in the annual report and accounts. However, the second half should show significant improvement, he adds.

Orders from the continuing industry and from the railways have already picked up these new orders show through in sales in the second half. There has also been some improvement in value orders which should show through at the same time and the period will also benefit from the end of the closure costs at Glasgow.

As reported on October 8 pre-tax profits for the year to July 31, 1977, were almost halved at £1.12m. against £2.03m. The dividend is 3.4814p (2.4855p) with a final of 2.0614p net.

Most of the U.K. subsidiaries performed well during the year, the chairman says but, trading losses at Cockburn's continued and together with the trading losses incurred by all of the overseas companies, amounted to £648,000.

It became necessary to arrange for the transfer of Cockburn's main manufacturing operation from Glasgow to the Hindle site at Leeds. The CLEF Services International factory at Calais was placed on a care and maintenance basis, and the offices in Paris and Amsterdam were closed. The extraordinary losses of these operations amounted to £361,000.

At CLEF, Mr. Lake says it has become advantageous to supply hydraulic jacks to the French and European markets from the U.K. Lake & Elliott Vires B.V. suffered from a lack of orders but the situation has now improved, the chairman adds. Etudes et Realisations Industrielles S.A. also had a difficult year, but goes into a current year with good orders.

A statement of source and application of funds shows a decrease in net liquid funds of £147,000 compared with an increase of £1.68m.

Meeting, Waldorf Hotel, W.C. December 2 at noon.

SINGER'S INDEX SLOWS DOWN

Singer and Friedlander has brought out its latest new equity issue statistics for the three years ended September 30 1977. The table underlines the continued lack of activity in the new issue market. There were three offers for sales in 1977 to date: BP, Sotheby and London and Scottish Marine Oil, and two placings, Forward Technology and City Hotels.

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for a total consideration of £15.25m. in cash and shares. A squash club in the North East has been acquired and a squash court complex built in the Midlands at a total cost of £284,000.

Fourteen bingo clubs have been purchased for £2.44m. cash and Coral has entered the provincial casino market with a cash buyout of £310,000.

Most significantly in the company's development has been the £16.7m. acquisition of Centre Hotels (Granatons), a leading hotel company which owns or manages 34 hotels in the U.K. and overseas and operates 24 restaurants under the Old Kentucky name.

The chairman adds that these acquisitions and developments are proving successful and that all the companies acquired are making significantly higher profits this year than in their previous comparable periods.

The pre-tax profits before interest for Centre based upon unaudited figures for the 24 weeks from April 4 to September 22 amounted to £2.58m. against £1.96m.

Meanwhile the other principal activities in bookmaking, casinos and bingo have continued to prosper.

The strong cash flow from the company's activities has substan-

tially reduced borrowings incurred by these acquisitions and is simply sufficient for the maintenance of the company's current activities.

However in view of the progress of recent developments the Board has decided to raise additional funds so that the dividend programme could be maintained.

The issue is underwritten by Charterhouse Japhet and brokers are W. L. Carr.

See Lex

Bath & St. Helens £5m. issues

Two corporations are making issues of redeemable stock. The City of Bath and the Metropolitan Borough of St. Helens. Both issues are of £5m. of 11p per cent. redeemable stock, 1988 priced at 289p per cent.

The application lists for the two stocks open on Thursday morning. The stocks are payable to £10 per cent. on application with a £40 call on December 15 and the balance of £48 per cent. due on January 15, 1978.

Interest on the issues will be payable half-yearly on April 30

and October 31 with the payment of £3.77018 per cent. be paid next April.

Yields at the issue price per cent. are 11.22 per cent. running and 11.54 per cent. redemption.

Brokers to both councils are Zoete and Bevan.

The two stock issues by Bath and St. Helens have been fairly tightly against the market. But to some extent it depends upon what stocks are taken compared with the Spot stock is taken as a guide. Interest issues look definitely priced. Southwark is at 11.75 per cent. to redeem against 11.54 per cent. to Bath and St. Helens issues on the other hand, the coupon Granatons 101 per cent. launched earlier this month, is offered at 11.35 per cent. yield. Bath and Bevan has tried to put pricing of these issues some in the middle of coupon stocks, but in doing so it is itself little room to manoeuvre. Should the gilt market move more than half a point by next night the success of issues is in serious doubt. Prospectuses Pages 12 and

year's pre-tax figure of £4.2m. last year, and at half-time company reported a £28.20 profit after returning a £14,233 pence the closing half of 1976-77. Loss per share is stated as (3.1p loss) before extraneous items. A final dividend of (0.5p) net per 25p share has been declared after a nil interim dividend.

G. G. Kynoch returns to profit

Woolen cloth manufacturers G. and G. Kynoch returned a £2.23 profit in the August 31, 1977 year compared with a £26,527 loss previously.

Losses totalling £17,222 were recorded in 1976-77, 1976-75 and 1975-74.

Capper-Neill has lifted its pre-tax profits by 36 per cent. and turnover by 24 per cent. despite a drop in U.K. earnings—with British process plant suppliers complaining that tough trading conditions have been exacerbated by cut-price, subsidised 38C competition. Half-time figures include a slightly disappointing first time contribution from Glover of around £20,000 but profits have been underpinned by a further advance in overseas earnings. However the upward trend is likely to be checked by the second half as a number of major Middle East contracts have either run-out or will very shortly do so, while the first major contributions from the important Kenana and Ivory Coast contracts are not expected until towards the end of the year. Full year profits are likely therefore to be around £4.7m. compared with market forecasts of £5m. earlier this year and last

MEPC LETTING

MEPC announces the letting of 60,000 square feet Centurion House, Deansgate, Manchester, to the GB Oilfield division of UAC International, a company within the Unilever group. UAC was represented by Kirkwood Craig and Company. MEPC was advised by Dunlop Heywood and Company.

On September 30 the new issue index stood at 220.85 and the All Share at 224.45. The base is December 31, 1970.

The only stock to beat the All Share was Lasso oil producing units.

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Capper-Neill

Half year results confirm overseas growth

Interim Statement

The Directors of Capper-Neill Limited announce that the profit for the first half of the current year to 31st March 1978 has exceeded that earned during the corresponding period of last year. This profit was a result of increased sales achieved by the expansion of the Group's activities.

The unaudited results for the first half of the financial year ending 31st March 1978 are as follows:—

	Six months ended 30th Sept. 1977	Six months ended 30th Sept. 1976	Year ended 31st Mar. 1977
Turnover	£30,501	£21,251	£50,524
Group Trading Profit	2,184	1,570	4,271
Interest payable	122	56	69
Group Profit before taxation	2,062	1,514	4,202
Taxation	1,127	820	2,231
Group Profit after taxation	935	694	1,971
Amount absorbed by dividends	243	216	436

The Directors have declared an Interim Dividend of 1.0541p per share which, together with the associated tax credit is equivalent to approximately 1.5971p gross. This represents an effective increase of 10% on the Gross Dividend declared at the same time last year, which after adjusting for the subsequent scrip issue amounted to 1.452p. On the same basis the total gross dividends for the year ended 31st March 1977 amounted to 2.904p.

In addition, the balance of the Final Dividend for last year, which arises as a result of the change in the basic rate of Income Tax to 34% will be paid and will amount to 0.0145p per share.

Improved results for the first half of this year have been achieved due to much increased activity in overseas markets which are continuing to expand.

During this first half year however, the anticipated upsurge in United Kingdom economic activity failed to materialise and this led to a rather disappointing result in this area.

Present indications are that this may well continue for the remainder of the year.

Our major activity remains in site construction work throughout an increasing range of processes which cover a widening spread of industries and markets and growth is expected to continue.

Although the impact on profits of our much increased order book is unlikely to be effective before the year end, the Group performance for the full year to 31st March 1978 is expected to produce a profit somewhat in excess of the £4.2m profit figure which was achieved during the year ended 31st March 1977.

The Directors are therefore expecting to recommend a final dividend at the maximum rate permitted under current legislation.

Warrants incorporating both dividends will be posted on 4th January 1978 to shareholders registered at the close of business on the 25th November 1977.

7th November, 1977

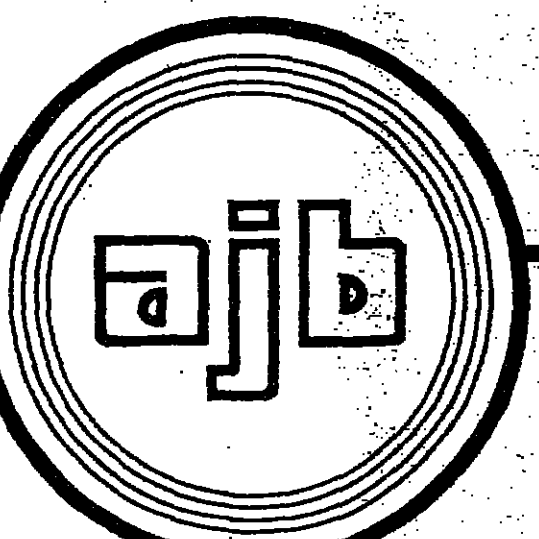
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PITCHARD SERVICES GROUP LTD			
Unaudited Results for 26 weeks to 3rd July, 1977.			
	FIRST HALF 1977	FIRST HALF 1976	YEAR 1976
GROUP TURNOVER	25.2	20.5	43.6
GROUP PROFIT BEFORE TAXATION	972	773	1,669
TAXATION & MINORITIES	(537)	(415)	(896)
EXTRAORDINARY ITEMS	—	(120)	(393)
RESERVES FROM TRANSFERS FROM	—	120	408
AVAILABLE TO ORDINARY SHAREHOLDERS	435	358	788
DIVIDENDS	124	84	291

Chairman P. R. Pitchard reports:

- Interim dividend of 5.5305p payable on 12th November, 1977 to shareholders on register at 11th November, 1977.
- Six months profit after interest charges show an increase of 24.5% on the same period last year. No account has yet been taken of earnings expected from our Joint Venture contract in Saudi Arabia.
- Record year end profits exceeding £2 million are anticipated.
- Consideration will be given to increase in final dividend dependent upon ruling legislation.

PITCHARD SERVICES GROUP LIMITED
Pitchard House, South Hill Avenue, South Harrow, Middx. HA2 0NS Telephone 01-862 4721 (4 lines)



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مكازم التحصيل

Tarks and Spencer buys locally in Canada

Mr. Frank Ingram, the chairman, says that the figures indicate that the group is holding its own and no marked change is to be expected in the second half. However, the prospect of some increase in construction spending gives grounds for optimism about 1978. The order book is already at a high level for 1978, he adds. The parent organisation is well prepared to make fullest use of its opportunities.

Earnings for the half year per 100 shares are above by 4.31p (3.8p) before extraordinary items. At 1.32p (nil) net—the shares are traded on the Over the Counter Market.

Current	Date of	Corre- sponding	Total
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its own and no marked change is to be expected in the second half. However, the prospect of some increase in construction spending gives grounds for optimism about 1978. The order book is already at a high level for 1979, he adds, and the company's organisation is well prepared to make fullest use of its opportunities.

Earnings for the half year per 10p share are shown as 13.3p (3.9p) before extraordinary items, and 13.3p (3.9p) after extraordinary items.

ise stated.
n capital
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ade public

The Phoenix Assurance Co. has introduced a

different employees without causing problems. The scheme can be non-contributory with the company paying all the contributions or the member can pay a part up to Inland Revenue limits. Company contributions would normally be allowed as a trading expense for tax purposes.

The final commutation option is allowable at retirement which makes the scheme the most tax efficient means of saving by the executive and providing for CTT liability. But Phoenix in its literature has emphasized that the main purpose of the plan is to provide pension and other benefits at retirement and protection for dependents.

Jackson Grp. ahead to £0.23m. so far

First half 1977 taxable profits of civil and mechanical engineers, Jackson Group, made public in June 1977, are ahead from £203,000 to £239,000 on sales of

20.25M. 30 141
First half 1977 taxable profits

Silhouette warns of profit fall

profit plan
FOUNDATION GARMENT containing

£22.018 higher to £241,243 in the first six months to June 30, 1977, or 27.5m. The directors expect total profits to fall short of the £326,719 reported last year. They say that while the second half will show a continuing sales increase it will not reflect a further drop in margins as a result of an increase in major contracts that they planned for this year. Resources which have been added to the company will be used to increase interim dividend is up from 0.715p net per 20p share to 0.725p

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are tentative or final and the subdivisions shown below are based mainly on last year's timetable.

TO-DAY

Interiors—Associated British Foods
Clement Clarke, Coats Patons, E. & J. V. Industries, Harriwell Group, C. E. Heath
Investment Trust Corporation, Minster
Assets, Scotras Vernon Fashion Group
Whitbread.

100-443887-100

Unaudited consolidated results of the Group at June 30, 1977:

	Six months ended 30.6.77 FF000's	Six months ended 30.6.76 FF000's	Year ended 31.12.76 FF000's
Income	3,023,284	2,756,372	6,007,911
Expenses	162,242	199,750	429,271
	-76,341	-84,294	-170,481
Profit before taxation	85,901	115,456	258,799
Income tax on profits	+8,120	+15,224	-27,301
Profit after taxation	94,021	130,680	286,100
Minority interests	-22,346	-40,581	-101,841
Profit attributable to shareholders	-	-	-16,741
Profit before extraordinary items	71,675	90,099	184,099
Profit after extraordinary items	-	-	-

The decrease of the profit before extraordinary items is due to a decrease of construction activity in France and abroad, the decrease of the refractory products activity in connection with the crisis of the steel industry, the lower value of the Canadian dollar, which reflects on the contribution of Canada Cement Lafarge to consolidated earnings.

- increased contributions of aluminous cements, packaging and plaster.

The increase of the profit after extraordinary items is mainly due to the lesser value of the debts of Canada Cement Lafarge included in the consolidated balance sheet, as a consequence of the decrease of the Canadian dollar.

Olivier Lacort, Chairman and Chief Executive Officer
A, 28 rue Emile Menier, Paris 15e, France. Tel: 727 97-89 Telex: 620804

**London
Scottish
Finance**

Trading activity of London Scottish Finance Corporation has increased during the first six months of the current year, Mr. R. H. Landman, the chairman, says in his annual statement, and he hopes for a "significant improvement over 1976-77."

As already known, the group, engaged in the provision of banking, consumer credit, debt management, factoring, insurance and services, achieved an increase in taxable profits for the year to £26,287, 1977, from £263,304 to £270,000. The company dividend is maintained at 1.7p net.

The chairman says that the group's customer network is "growing steadily and the group has a number of new customers in August has furnished the group with a base for an expansion of activities in the southern part of the country. The company hopes to add a number of ancillary services beyond the provision of

USMC nears £7m. after six months

With turnover £10m. higher at £65.28m., taxable profit of U.S.-based USMC International jumped from £4.08m. to £9.54m. in the six months to June 30, 1977. Tax of £3.60m. against £3.79m. leaves net profit at £23.18m., compared with £21.15m. in the ultimate six months of 1976. The parent, leading company of USMC, the South-Adhesive group, is Embart Corp. of the U.S. USMC is also involved in the manufacture and distribution of machinery and materials, plastics, fasteners and small metal pressings, sealants and other chemicals. Total profit

SHELL INTERNATIONAL FINANCE N.V.
U.S. \$60,000,000 8% Loan 1986

NOTICE IS HEREBY GIVEN that a DRAWING OF BONDS of the above loan took place on 21st October 1977 attended by Mr. Keith Francis Croft Baker of the firm of John Venn & Sons, Notary Public, when 3,100 bonds for a total of U.S.\$3,100,000 nominal capital were drawn for redemption at par on 1st December 1977 from which date all interest thereon will cease.

The nominal amount of this loan remaining outstanding after 1st December 1977 will be U.S.\$50,700,000.

The following are the numbers of the bonds drawn

0000	0001	0002	0003	0004	0005	0006	0007	0008	0009	0010	0011	0012	0013	0014	0015	0016	0017	0018	0019	0020	0021	0022	0023	0024	0025	0026	0027	0028	0029	0030	0031	0032	0033	0034	0035	0036	0037	0038	0039	0040	0041	0042	0043	0044	0045	0046	0047	0048	0049	0050	0051	0052	0053	0054	0055	0056	0057	0058	0059	0060	0061	0062	0063	0064	0065	0066	0067	0068	0069	0070	0071	0072	0073	0074	0075	0076	0077	0078	0079	0080	0081	0082	0083	0084	0085	0086	0087	0088	0089	0090	0091	0092	0093	0094	0095	0096	0097	0098	0099	0100	0101	0102	0103	0104	0105	0106	0107	0108	0109	0110	0111	0112	0113	0114	0115	0116	0117	0118	0119	0120	0121	0122	0123	0124	0125	0126	0127	0128	0129	0130	0131	0132	0133	0134	0135	0136	0137	0138	0139	0140	0141	0142	0143	0144	0145	0146	0147	0148	0149	0150	0151	0152	0153	0154	0155	0156	0157	0158	0159	0160	0161	0162	0163	0164	0165	0166	0167	0168	0169	0170	0171	0172	0173	0174	0175	0176	0177	0178	0179	0180	0181	0182	0183	0184	0185	0186	0187	0188	0189	0190	0191	0192	0193	0194	0195	0196	0197	0198	0199	0200	0201	0202	0203	0204	0205	0206	0207	0208	0209	0210	0211	0212	0213	0214	0215	0216	0217	0218	0219	0220	0221	0222	0223	0224	0225	0226	0227	0228	0229	0230	0231	0232	0233	0234	0235	0236	0237	0238	0239	0240	0241	0242	0243	0244	0245	0246	0247	0248	0249	0250	0251	0252	0253	0254	0255	0256	0257	0258	0259	0260	0261	0262	0263	0264	0265	0266	0267	0268	0269	0270	0271	0272	0273	0274	0275	0276	0277	0278	0279	0280	0281	0282	0283	0284	0285	0286	0287	0288	0289	0290	0291	0292	0293	0294	0295	0296	0297	0298	0299	0300	0301	0302	0303	0304	0305	0306	0307	0308	0309	0310	0311	0312	0313	0314	0315	0316	0317	0318	0319	0320	0321	0322	0323	0324	0325	0326	0327	0328	0329	0330	0331	0332	0333	0334	0335	0336	0337	0338	0339	0340	0341	0342	0343	0344	0345	0346	0347	0348	0349	0350	0351	0352	0353	0354	0355	0356	0357	0358	0359	0360	0361	0362	0363	0364	0365	0366	0367	0368	0369	0370	0371	0372	0373	0374	0375	0376	0377	0378	0379	0380	0381	0382	0383	0384	0385	0386	0387	0388	0389	0390	0391	0392	0393	0394	0395	0396	0397	0398	0399	0400	0401	0402	0403	0404	0405	0406	0407	0408	0409	0410	0411	0412	0413	0414	0415	0416	0417	0418	0419	0420	0421	0422	0423	0424	0425	0426	0427	0428	0429	0430	0431	0432	0433	0434	0435	0436	0437	0438	0439	0440	0441	0442	0443	0444	0445	0446	0447	0448	0449	0450	0451	0452	0453	0454	0455	0456	0457	0458	0459	0460	0461	0462	0463	0464	0465	0466	0467	0468	0469	0470	0471	0472	0473	0474	0475	0476	0477	0478	0479	0480	0481	0482	0483	0484	0485	0486	0487	0488	0489	0490	0491	0492	0493	0494	0495	0496	0497	0498	0499	0500	0501	0502	0503	0504	0505	0506	0507	0508	0509	0510	0511	0512	0513	0514	0515	0516	0517	0518	0519	0520	0521	0522	0523	0524	0525	0526	0527	0528	0529	0530	0531	0532	0533	0534	0535	0536	0537	0538	0539	0540	0541	0542	0543	0544	0545	0546	0547	0548	0549	0550	0551	0552	0553	0554	0555	0556	0557	0558	0559	0560	0561	0562	0563	0564	0565	0566	0567	0568	0569	0570	0571	0572	0573	0574	0575	0576	0577	0578	0579	0580	0581	0582	0583	0584	0585	0586	0587	0588	0589	0590	0591	0592	0593	0594	0595	0596	0597	0598	0599	0600	0601	0602	0603	0604	0605	0606	0607	0608	0609	0610	0611	0612	0613	0614	0615	0616	0617	0618	0619	0620	0621	0622	0623	0624	0625	0626	0627	0628	0629	0630	0631	0632	0633	0634	0635	0636	0637	0638	0639	0640	0641	0642	0643	0644	0645	0646	0647	0648	0649	0650	0651	0652	0653	0654	0655	0656	0657	0658	0659	0660	0661	0662	0663	0664	0665	0666	0667	0668	0669	0670	0671	0672	0673	0674	0675	0676	0677	0678	0679	0680	0681	0682	0683	0684	0685	0686	0687	0688	0689	0690	0691	0692	0693	0694	0695	0696	0697	0698	0699	0700	0701	0702	0703	0704	0705	0706	0707	0708	0709	0710	0711	0712	0713	0714	0715	0716	0717	0718	0719	0720	0721	0722	0723	0724	0725	0726	0727	0728	0729	0730	0731	0732	0733	0734	0735	0736	0737	0738	0739	0740	0741	0742	0743	0744	0745	0746	0747	0748	0749	0750	0751	0752	0753	0754	0755	0756	0757	0758	0759	0760	0761	0762	0763	0764	0765	0766	0767	0768	0769	0770	0771	0772	0773	0774	0775	0776	0777	0778	0779	0780	0781	0782	0783	0784	0785	0786	0787	0788	0789	0790	0791	0792	0793	0794	0795	0796	0797	0798	0799	0800	0801	0802	0803	0804	0805	0806	0807	0808	0809	0810	0811	0812	0813	0814	0815	0816	0817	0818	0819	0820	0821	0822	0823	0824	0825	0826	0827	0828	0829	0830	0831	0832	0833	0834	0835	0836	0837	0838	0839	0840	0841	0842	0843	0844	0845	0846	0847	0848	0849	0850	0851	0852	0853	0854	0855	0856	0857	0858	0859	0860	0861	0862	0863	0864	0865	0866	0867	0868	0869	0870	0871	0872	0873	0874	0875	0876	0877	0878	0879	0880	0881	0882	0883	0884	0885	0886	0887	0888	0889	0890	0891	0892	0893	0894	0895	0896	0897	0898	0899	0900	0901	0902	0903	0904	0905	0906	0907	0908	0909	0910	0911	0912	0913	0914	0915	0916	0917	0918	0919	0920	0921	0922	0923	0924	0925	0926	0927	0928	0929	0930	0931	0932	0933	0934	0935	0936	0937	0938	0939	0940	0941	0942	0943	0944	0945	0946	0947	0948	0949	0950	0951	0952	0953	0954	0955	0956	0957	0958	0959	0960	0961	0962	0963	0964	0965	0966	0967	0968	0969	0970	0971	0972	0973	0974	0975	0976	0977	0978	0979	0980	0981	0982	0983	0984	0985	0986	0987	0988	0989	0990	0991	0992	0993	0994	0995	0996	0997	0998	0999	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The above bonds may be presented for payment of the proceeds of redemption at par on or after 1st December 1977 at the offices of the paying agents named on the coupons in the manner specified in Condition 6 of the Terms and Conditions of the Loan printed on the bonds. Each of these bonds when presented for redemption must bear the coupon dated 1st December 1978, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

Principal Paying Agent: N. M. Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DL

Witness: E.F.C. Baker, Notary Public.

30

The List of Applications will open at 10 a.m. on Thursday, 10th November, 1977, and close at any time thereafter on the same day.
This issue is made in accordance with a General Circular given by the Treasury under the Companies Act 1967, and the Companies (Share Capital and Structure) Regulations 1967.
Application has been made to the Council of the Stock Exchange for the Stock being issued to be admitted to the Official List.

METROPOLITAN BOROUGH OF ST. HELENS

ISSUE OF
£5,000,000 Metropolitan Borough of St. Helens 11½ per cent. Redeemable Stock 1985
PRICE OF ISSUE £98½ PER CENT.

Payable as follows—

On Application	£10 per cent.
On 15th December, 1977	£40 per cent.
On 15th January, 1978	£48½ per cent.

£98½ per cent.

Interest (less income tax) will be payable half-yearly on 30th April and 30th October. A first interest payment of £375,000 (less income tax) will be made on 30th April, 1978.
The Council of the Metropolitan Borough of St. Helens and the Local Authority (Stocks and Bonds) Regulations 1974.
The Stock is an unsecured debt instrument, Part of the First Schedule to the Trustee Act 1925.

National Westminster Bank Limited is authorised by resolution of the Council of the Metropolitan Borough of St. Helens to receive applications for the above amount of Stock at the New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London, EC2P 2BD.

SECURITY—The Stock will be secured by a charge on the assets of the Metropolitan Borough of St. Helens, and the Council of the Metropolitan Borough of St. Helens will be required to provide a guarantee for the Stock.

PROVISION FOR REPAYMENT OF LOANS—The Council is required by Acts of Parliament to make appropriate provision towards redemption of loans raised for capital expenditure and to make such provision as may be required by the Council.

PURPOSE OF ISSUE—The net proceeds of the present issue of Stock will be applied to the redemption of loans and to the purchase of new loans.

REDEMPTION OF STOCK—The Stock will be redeemed at par on 30th April, 1985, unless previously cancelled by purchase in the open market or by agreement with the Council.

REGISTRATION—The Stock which fully paid will be registered and transferable free of charge in the name of the holder or his nominee.

INTEREST—Interest (less income tax) will be paid half-yearly on 30th April and 30th October by warrant, which will be sent by post to the Stockholder's risk to the bank of the account named in the application form.

APPLICATIONS AND GENERAL ARRANGEMENTS—Applications which must be made on the prescribed form and must be accompanied by a deposit of 10 per cent. of the nominal amount applied for will be received at National Westminster Bank Limited, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London, EC2P 2BD.

Applications must be made for a minimum of £100 Stock or in multiples of £200 for applications up to £1,000 Stock.

Larger applications must be made in accordance with the following scale:—
Applications above £1,000 Stock and not exceeding £5,000 Stock in multiples of £500.
Applications above £5,000 Stock and not exceeding £25,000 Stock in multiples of £1,000.

Applications above £25,000 Stock in multiples of £5,000.
A separate cheque must be submitted with the application form. No application will be considered unless this condition is fulfilled.

In the event of a partial allotment, the surplus from the advance paid as deposit will be refunded to the applicant by cheque. If no allotment is made, the deposit will be returned in full. The deposit will be held in the name of the applicant.

At the time of the allotment, the applicant will be required to sign a statement of the account named in the application form. The statement will be sent to the Council of the Metropolitan Borough of St. Helens.

Partially paid Letters of Allotment may be split into multiples of £100 Stock, but fully paid Letters of Allotment may be split into multiples of any sum of Stock.

The Stock Certificate will be despatched by post to the holder of the Stock. There will be no charge for postage of Letters of Allotment.

The Stock Certificate will be despatched by post to the holder of the Stock. There will be no charge for postage of Letters of Allotment.

STATISTICS—Relative to the Metropolitan Borough of St. Helens:—
Population June 1976 (estimated) 114,400
Rateable Value—April 1977 £1,254,900
Product of 1976/77 £21,280
Total Borough rates per pound levied for 1977/78 (including the County Council rate of 20 pence) 10 pence
Not Loan Debt at 31st March, 1977: £83,433,433
(a) Relative to the Council's own services £83,433,433
(b) Relative to services transferred to other authorities £83,433,433

PROSPECTUSES—Prospectuses and Application Forms may be obtained from:
NATIONAL WESTMINSTER BANK LIMITED, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London, EC2P 2BD.
DE ZEEUW, 25 Finsbury Circus, London EC2M 7SE and THE STOCK EXCHANGE.

THE TREASURER, Century House, Hardshaw Street, St. Helens, W10 1UN.
Century House, Hardshaw Street, St. Helens, W10 1UN.
Century House, Hardshaw Street, St. Helens, W10 1UN.

The List of Applications will open at 10 a.m. on Thursday, 10th November, 1977, and will close at any time thereafter on the same day.

APPLICATION FORM FOR

METROPOLITAN BOROUGH OF ST. HELENS

11½ per cent. Redeemable Stock 1985

Issue of £5,000,000 Stock at £98½ per cent.

To: NATIONAL WESTMINSTER BANK LIMITED, New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD.

I/We hereby apply for *£

pounds of Metropolitan Borough of St. Helens 11½ per cent. Redeemable Stock, 1985, according to the conditions contained in the Prospectus dated 10th November 1977, and to the terms of the application form.

I/We declare that I am not a resident outside the Metropolitan Borough of St. Helens.

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M. Y. Dart on target with peak £1.7m.

COMPARED WITH a forecast of not less than £1.6m., manufacturers of sports equipment, packaging materials and pyrotechnics M. Y. Dart reports taxable profits for the year to July 2, 1977, up from £1.18m. to a record £1.71m. Turnover was ahead from £9.45m. to £12.65m.

The directors state that all three divisions of the group contributed to the results and are aiming to achieve further increases in sales and profit in the current year.

On increased capital from the June one-for-seven rights issue, stated earnings are up to 13.04p per 10p share compared with 9.06p and fully diluted 11.18p (8.83p). The dividend is lifted to 2.14p (1.50018p) and will be paid with a final 1.24p net, and has Treasury permission.

The directors report that the current year has begun well. The company has a number of developments in an advanced state of planning which will involve investment in additional plant and premises, some for new products and some designed to increase productivity and achieve cost reduction of existing lines. They say that further businesses will be added within the company's area of present interests should suitable opportunities arise.

No provision has been made for deferred tax as no liability is expected to arise in the foreseeable future. Tax figure for 1975-76 has been amended accordingly.

Pre-acquisition sales and profits of the 50 per cent. stake in Tronox, purchased in May 1977, are included in the results. A wholly owned subsidiary, are excluded. The respective figures of the 50 per cent. interest already held in 1976 are included in the 1975-76 results.

With paint and printing ink machinery, the company has secured higher turnover for the year compared with 1976-77 due to a 45 per cent. advance. In 1975-76 profits were held back by the start-up costs of three sporting goods factories, and the depression, but the 1976/77 outcome—in line with the rights issue forecast—owes much to the pickup in the group's packaging interests, which accounted for 37 per cent. of sales in the previous year. Here, the company has increased its market share, especially in cardboard and expanded polystyrene packaging, and there have also been gains from sporting goods on the back of a buoyant U.K. leisure industry. Exports (40 per cent. of turnover) were hit by the recession in the U.S. and this was only offset to some extent by inroads to markets of the Middle East and the REC.

On its existing base M. Y. Dart is well set to benefit from any upturn in the consumer market and through its packaging activities and it still has much of the £0.5m. Capital expenditure will be

rights proceeds, and other reserves, for acquisitions. On year end capital, the shares, at 46p, are on a p/e of 3.4 while the yield is 7.4 per cent.

Stothert & Pitt confident

WHILE EXPORT business is more and more important to the future of Stothert and Pitt it is necessary to secure a reasonably competitive, and expensive to finance, Sir Ralph Bateman, chairman, says in his statement with accounts.

He says that further improvements in results this year and in succeeding years can be looked forward to if all in the company combine to tackle the problems ahead.

As reported record profits of £333,000 (£333,000) were achieved in the year to July 2, 1977.

In the year exports at £14.85m. accounted for 63 per cent. of total turnover of £23.81m., compared with 47 per cent. of £15.58m. turnover in 1975-76.

With cranes and deck machinery, where 90 per cent. of sales last year were overseas, Sir Ralph says competition has intensified. And with little sign of improvement in the depressed home market, the company must depend on its high technical reputation to maintain adequate orders.

The company intends continuing its export drive with continued production of export equipment. Last year 60 per cent. of production was exported in light of increased competition both at home and abroad.

Significant orders have been received for the first time from the Middle East for marine handling equipment and to ensure continuing overseas growth its distributor network has been widened.

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Advance by Allied London

AFTER RISING from £390,433 to £449,957 in the first half, pre-tax profits of Allied London Properties finished the year to June 30, 1977 ahead from £31,030 to £20,539.

With tax absorbing £50,296 compared with £47,385, stated earnings advanced from 3.58p to 6.67p per 10p share and the dividend is raised from 2.485p to 1.705p. A one-for-two scrip issue is also proposed which will give the company trustee status.

The directors say the investment of 1.55m. shares in Peachey Property Corporation will be kept under review in the light of market conditions. They look forward to another successful year, they add.

A sale of the Peachey share stake would add over £350,000 to Allied's trading profits; the shares were bought at an average price of just over 51p against yesterday's market price for Peachey's shares of 74p.

Euston Centre tops £1m. midterm

PRE-TAX revenue of Euston Centre Properties jumped from £772,000 to £1,044,000 in the year to September 30, 1977, and directors estimate the full year result will be around £2.5m., a record.

Tax takes £565,000 (£580,000), leaving net profit at £479,000 against £330,000 previously. The company's A capital is owned by Stock Conversion and Investment Trust, and B capital by George Wimpey and Company.

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How business likes Coke

BY ART GARCIA in Los Angeles

ENTERTAINMENT companies, small but most also are regu- 17 times annual earnings while year's first half, profits were up 18 per cent to nearly \$6m.—

Revenues

It's that kind of performance that has so many companies eyeing bottlers. General Cinema, for example, the largest operator of theatres in shopping centres, added to its position as the biggest independent bottler of soft drinks by acquiring earlier this year Pepsi-Cola Bottling Company of Washington, D.C., and Dr Pepper Bottling Company of Roanoke, Virginia. Wometco Enterprises of Miami, operator of a major motion picture chain and four television stations, in recent years has acquired 17 Coca-Cola bottlers which now generate a third of Wometco's annual revenues.

Moreover, bottlers say they're unconcerned about a possible ban by Congress of the sweetener saccharin, claiming such a move would be far less disruptive than the 1969 restriction against cyclamates, an action that involved a product recall. The Federal Food and Drug Administration has said a product recall will not be necessary with saccharin since no immediate public health danger is involved. Further, the Coca-Cola Company has advised Coke bottlers it has alternative low-calorie formulas that can be put into production with little or no interruption in product flow. Finally, bottlers contend anti-litter legislation that would require a deposit on cans and returnable bottles might improve, rather than hurt, sales.

Mr. Thomas Kemp, Coke L.A. president, sees no reason why the company should not pass last year's record sales and earnings levels. Through this

Management

The rush to buy bottlers, of course, has pushed up prices. John Swire and Sons, which has others for Coke bottling franchises in Utah for a price about

Halt vandalism' crusade

AIN NEEDS a crusade to them to be the only effective way. Mrs. Parker was introducing the Scottish Liberal Party's social policy. The policy document says: "Why should we tolerate any longer the disgrace in our country of squalid housing estates, the pointlessness of worklessness, with no health, no vision for increased leisure, and the hopeless poverty of so many families?"

Social security claims

MR. DAVID DONNISON, chairman of the Supplementary Benefits Commission, said yesterday an estimated 1m. people—more than half of them pensioners—were not claiming the social security benefits to which they were entitled. The reasons for this failure to claim were ignorance or the stigma attached to "charity" payments. Mr. Donnison was commenting on the launching of a Department of Health and Social Security campaign to encourage people to claim £300m. earmarked for them. "We are trying to work towards a simpler scheme which will be easier for people to understand." Several simplified leaflets on supplementary benefits have been produced and will be available from the department and Post Offices.

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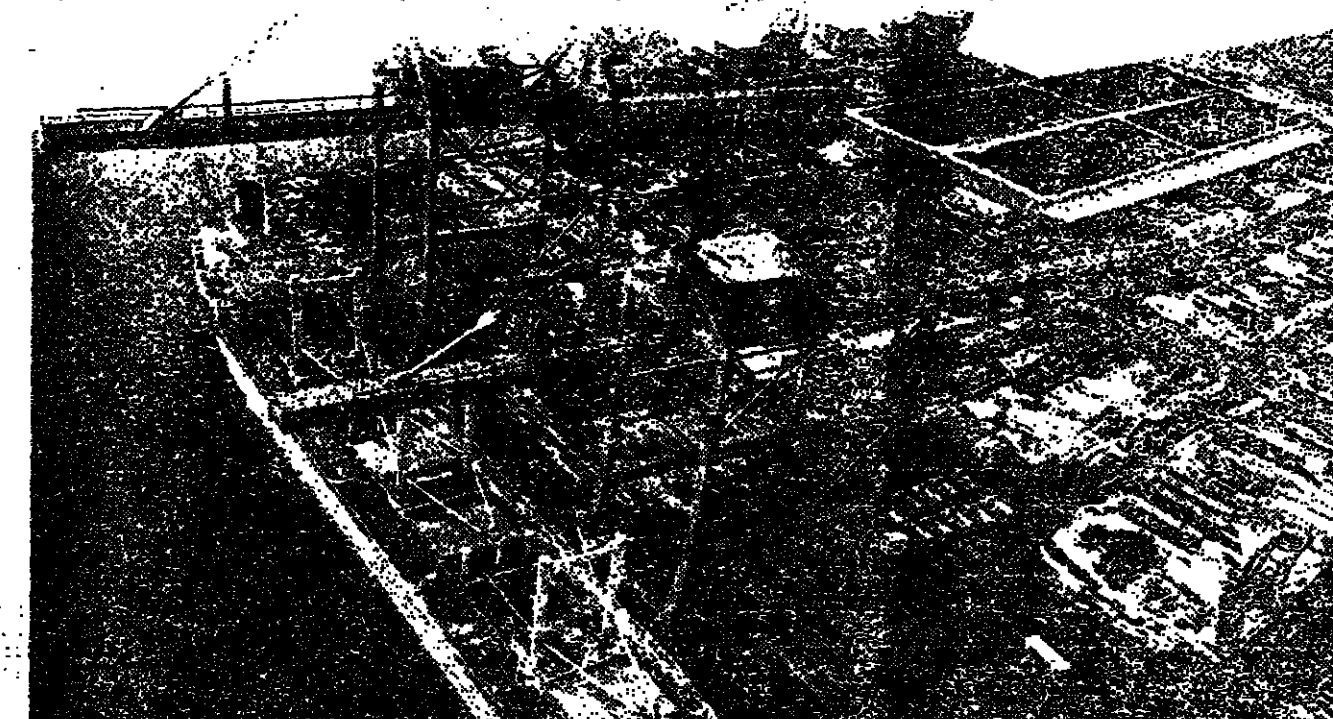
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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Increased profits seen this year at Suez

BY DAVID CURRY

PARIS, Nov. 7.

THE HOLDING company of the large French private group Suez expects to improve its profits this year and to pay the same dividend for the 1977 financial year as for its predecessor despite a 10 per cent. increase in capital.

This was the main information given by M. Michel Caplain, chairman of Compagnie Financière de Suez, during an analysis of the group's position which dwelt rather longer on the problems posed by the poor international climate than on the immediate prospects for growth.

While noting that the company's diverse interests—in fact it rests on the three legs of banking and finance, industrial production and property—together with its size and holding company structure had enabled it to weather the depression, M. Caplain emphasised that a number of the group's leading subsidiaries were in wait-and-see positions.

The profit and loss account showed a Frs.203m. profit against Frs.177m. Revenue from holdings

in companies and investments on the Bourse was Frs.211.9m. against almost Frs.180m. This improvement owed much to higher income from Saint-Gobain-Pont-a-Mousson, the main industrial participation, and Suez, the group's leading banking arm, and Frs.17m. exceptional gains from the reorganisation of the Vieille Unit trust concern.

Overall on the banking front, he noted that the limits on credit expansion prevented the banks' rate for higher costs while they also suffered from the narrow margin between the cost of money and the yield from its useful employment. M. Caplain joined with his other banking colleagues to launch a bitter attack on the Government's 11 per cent. tax on bank general costs and depreciation as "dangerous fiscal discrimination."

On the industrial front—St. Gobain's recovery to first half 1977 level of Frs.150m. which is some 15 per cent. higher than last year, adjusting for changes in

U.S. PAPER INDUSTRY

The debate about prospects

BY STEWART FLEMING IN NEW YORK

EVIDENCE of price cutting in some important product lines, and generally slight improvements in third quarter earnings, have added fuel to the vigorous debate about the prospects for the U.S. paper industry which is now underway on Wall Street.

The broad outlines of the debate are clear. Since the 1974-75 recession, the traditional relationship between the growth of gross national product and the growth of the U.S. paper market has not prevailed. Paper production has lagged seriously.

The consensus view is that paper output this year, for example, may be up some 3 per cent. at around 62m. tons compared with an overall GNP growth of slightly less than 3 per cent. in real terms.

This weakness in demand is feeding into prices. Thus Mr. Larry Ross, an analyst with U.S. stockholders Mitchell

has noted that economic growth and paper output prevailed. In general, he is being attained with two years, has been operating at around 90 per cent. of capacity which, while comfortably above break-even for most companies, is not a capacity utilisation rate which ensures strong profits.

The question facing the industry now, however, is whether the current price-cutting is only temporary, and that demand next year will be sufficient to support the industry's growth. Mr. Ross believes that given the strength of this sector of the economy and argue too that the industry could improve. But such a forecast is only a forecast.

Analysts holding this view

Revised regulation may help car-make

By Richard Rolfe

JOHANNESBURG, 7 NOV. (AP)—MANUFACTURING companies, which have been directly hit by the effects of higher petrol and restrictions on motorising, are expected to see some relief this week as revised regulations on content programme.

The new deal, to be passed by the Department of Transport, will allow an extra year in this deadline and will make voluntary any increase to 80 per cent. of the general thrust of the new has been towards this level mandatory.

Daimler-Benz, which by Messing, has placed its manufacturer fully in the statutory 80 per cent. content level. To encourage voluntary achievement, the official measures will include a rebate of duty for every 1 per cent. content added.

At the root of the problem that car sales are well below levels projected when the content programme was introduced in 1970, Car sales then expected to reach 1976 but in the event it was only 185,000, and it was only the leading motor makers, such as Daimler-Benz, which could afford to wait.

When we pulled out of the market, we felt that to go any further would have diluted our earnings. Maybe somebody else has worked out the same thing.

United, which covers aero engine manufacture, Pratt and Whitney, elevator manufacturer Otis and the helicopter group Sikorsky Aircraft, is examining alternative candidates for acquisition.

The cash which would have gone for the Babcock takeover—would have cost some \$700m—has been held in short-term investments. It is the McDermott-Babcock deal goes through, United would look closely at companies in the U.K., Germany and France to take over—and is interested in a move here in any case.

Mr. Gray said: "There are about ten companies in the U.K. which we regard as very interesting possibilities. The main interest in the U.K. was in the electrical sector. Other sectors of interest to United were energy, autos and transportation.

United, which has embarked on an extensive acquisition programme in the past five years to bring it to number 35 on the Fortune Top 500 list, should reach its target of \$900 sales well before 1984, said Mr. Gray.

Norol equity requirements

BY FAY GJETER

OSLO, Nov. 7.

NOROL, the Norwegian State-dominated petroleum refining and marketing company, has asked the Ministry of Industry to approve a very substantial increase—around Kr.300m. (€30m.)—in its equity capital.

The request has led to renewed criticism of the decision to form the company, taken two years ago. A Conservative Party spokesman recalled that his party had opposed the project on two grounds—its cost to the taxpayer, and the lack of any need for the State to become involved in selling oil products.

Norol needs additional capital now, partly because it has operated at a loss since it was formed, and partly because it is currently investing heavily in modernising and extending its distribution network.

The company was created in January 1975 when the State took over Norsk Hydro's oil

products marketing division, together with Norsk Braendseolje, BP's Norwegian associate, and a small co-operative oil company. It thereby acquired Braendseolje's 40 per cent. stake in the 4m. tonnes per year Mongstad refinery, which is Norway's newest and heavily burdened with capital costs. It also inherited a Kr.35m. deficit from Braendseolje's operations in 1975, made a loss of Kr.70m. in 1976 and will probably lose a further Kr.40m. this year, bringing the accumulated deficit by the end of 1977 to around Kr.150m.

Forecast from Kvaerner

THE KVAERNER shipbuilding and engineering group, of Norway, forecasts profits totalling about Kr.170m. (€17m.) in 1977.

Export sales help for IWKA

FRANKFURT, Nov. 7.

A HEAVY decline in domestic orders has been reported by Industriewerke Karlsruhe August (IWKA), one of West Germany's leading mechanical engineering concerns. However, according to today's interim report on the first three quarters of the year, the order book is still showing a small improvement on the position 12 months previously.

The interim report shows that group orders during the nine months declined from the DM629m. (£154.1m.) in the comparable period of 1976 to DM489m.—a fall of 22.1 per cent. During the same period, bookings by IWKA's West German operations were down by 24.2 per cent. from DM52m. to DM41m.

More important, perhaps, was the fact that the percentage of foreign bookings in the total order book increased from 25.4 per cent. in the first nine months of 1976 to 43.7 per cent. However, the group pointed out that these figures were somewhat distorted because of restructuring measures in various areas of operation as well as the sporadic order patterns for large defence projects such as the BRCA Tornado and the Alpha jet.

Despite the continued upward pressure on the deutschmark, the inflow of orders from abroad rose by 4.6 per cent., pushing the group order book up by 4.3 per cent. to DM481m. The domestic operations' order book rose by 4 per cent. to DM465m., while the proportion of foreign orders in this total increased from 28.6 per cent. to 29.8 per cent.

Group turnover during the period under review expanded by only 1.7 per cent. to DM419m., while the domestic group's sales went up by 0.8 per cent. to DM359m. Exports as a proportion of the domestic group's turnover went up from 37.3 per cent. to 39.9 per cent.

IWKA said the report was aimed to produce a small improvement in profits this year. Government has commenced negotiations for a public bond issue on the New York market, expected to amount to \$200m. Reuter reports from Canberra. He said a registration statement for the proposed borrowing is expected to be filed with the

AMERICAN NEWS

Foreign disclosure plan

BY JOHN WYLES

NEW YORK, Nov. 7.

A FAR REACHING extension of the disclosure requirements on foreign companies registered in the U.S. is being proposed by the Securities and Exchange Commission.

Broadly, the proposed new regulations would provide investors with virtually equivalent information to that required from U.S., Canadian and Mexican companies.

According to the SEC, slightly more than 100 foreign corporations would be affected. The most important new information required of these companies would be a breakdown of their operations by product line, detailing revenue and earnings of the different categories and the percentage of the competitive conditions in each industrial sector.

The disclosures would be required for any securities registration statements and the "annual reports" that foreign companies file with the SEC.

Under a separate proposal, the SEC is also going to seek additional information about the pay of top executives. Unlike North American corporations, however,

foreign companies would not be required to disclose individual salaries, but they would have to name directors and top executives whose salaries exceed \$40,000 a year. At the moment, foreign companies have to report the total remuneration of all officers and directors. The SEC is also asking for comment on these proposals.

Babcock still interests UT

By David Freud

UNITED TECHNOLOGIES, the U.S. conglomerate, still has hopes of taking over the U.S. Babcock and Wilcox Company, despite its defeat in a takeover battle for the company in August by J. Ray McDermott.

Yesterday in London Mr. Harry Gray, chairman of United, said that since the tender offer for 4.8m. Babcock shares at \$82.50 in the summer by McDermott events had been slow to develop.

"Two months is a long time.

We are carefully watching and waiting. When we pulled out of the market, we felt that to go any further would have diluted our earnings. Maybe somebody else has worked out the same thing.

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Mr. Gray said: "There are about ten companies in the U.K. which we regard as very interesting possibilities. The main interest in the U.K. was in the electrical sector. Other sectors of interest to United were energy, autos and transportation.

United, which has embarked on an extensive acquisition programme in the past five years to bring it to number 35 on the Fortune Top 500 list, should reach its target of \$900 sales well before 1984, said Mr. Gray.

SCD issue for Dai-Ichi

THE FIRST ever issue of dollar-denominated capital deposits in Singapore announced yesterday.

\$15m. floating rate is Dai-Ichi Kangyo Bank's new branch. It will, quarter of a point above the Singapore inter-bank offered rate—the rate, banks in Singapore have placed with other banks, at mature in three years in Boston (Asia) is managed issue.

Dollar-denominated C been issued in London 1966 but it is only in that the first floating-rate came out. The idea was largely because of Japanese regulations: the big Japanese banks from issuing float notes.

A spokesman for Kangyo said yesterday approval for the issue by the Monetary Authority Singapore on October 2.

A request for approval for shorter term fixed rate dollar CD issues was still consideration.

EUROBONDS

Brazil loan priced

FINANCIAL TIMES REPORTER

AN ISSUE for the Oesterreichische Laenderbank was launched yesterday in the D-mark market, offering a 5 1/2 per cent. coupon on a five year bullet maturity. The amount is \$100m. and the lead manager Dresdner Bank.

The DM150m. issue for Brazil's Central Electric de Sao Paulo was priced yesterday at 99 1/2, the U.S. dollar sector of the market continued to improve yesterday but dealers reported low levels of trading activity.

Treasurer Philip Lynch said in a statement the Australian Government has commenced negotiations for a public bond issue on the New York market, expected to amount to \$200m. Reuter reports from Canberra. He said a registration statement for the proposed borrowing is expected to be filed with the

U.S. Securities and Exchange Commission later this week.

The offering will be made in late November, subject to satisfactory terms and conditions, he added.

In Switzerland, the Comision Federal de Electricidad de Mexico plans to float a Frs.80m. 5.5 per cent. ten year loan at par. Banque de Paris et des Pays Bas (Suisse) said. The Government of Austria has made a private placement of Sw.Fr.100m. on the Swiss capital markets via Credit Suisse. The eight-year notes are understood to have a coupon of 4 1/2 per cent. and a par issue price.

Aluminium price doubt

LEADING U.S. aluminium producers have been unable to maintain a 4 per cent. price rise introduced last month for common alloy flat rolled goods.

Sharp price competition and faltering demand have apparently conspired to encourage the companies to give undertakings to some customers that the 4 per cent. increase will be shelved for the time being.

These customers are mainly distributors who store the metal, process it and sell it to small volume users whose requirements are not large enough to justify dealing directly with the manufacturers.

BRAZILIAN INVESTMENTS

Net Asset Value per Depositary Share as of October 1977

U.S.\$104.30

Source: The London Stock Exchange

Republic of Iceland

US \$10,000,000

(Financing in conjunction with the Icelandic Alloys Ltd. project at Grundartangi)

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DEN NORSKE CREDITBANK

SCANDINAVIAN BANK LTD.

NORDIC BANK LTD.

in conjunction with

LANDSBANKI ISLANDS

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UNION BANK OF FINLAND INTERNATIONAL S.A.

UNION BANK OF NORWAY LTD.

Agent

DEN NORSKE CREDITBANK

October 1977

SELECTED EURODOLLAR BOND PRICES

MID-DAY INDICATIONS			
STRAIGHTS	Bid	Offer	
Alcan. Australia 1987	94 1/2	95	
Alcan. Canada 1987	94 1/2	95	
Australia 1987	94 1/2	95	
Australia 1988	94 1/2	95	
Banque Paribas 1987	94 1/2	95	
Banque Paribas 1988	94 1/2	95	
Banque Paribas 1989	94 1/2	95	
Banque Paribas 1990	94 1/2	95	
Banque Paribas 1991	94 1/2	95	
Banque Paribas 1992	94 1/2	95	
Banque Paribas 1993	94 1/2	95	
Banque Paribas 1994	94 1/2	95	
Banque Paribas 1995	94 1/2	95	
Banque Paribas 1996	94 1/2	95	
Banque Paribas 1997	94 1/2	95	
Banque Paribas 1998	94 1/2	95	
Banque Paribas 1999	94 1/2	95	
Banque Paribas 2000	94 1/2	95	
Banque Paribas 2001	94 1/2	95	
Banque Paribas 2002	94 1/2	95	
Banque Paribas 2003	94 1/2	95	
Banque Paribas 2004	94 1/2	95	
Banque Paribas 2005	94 1/2	95	
Banque Paribas 2006	94 1/2	95	
Banque Paribas 2007	94 1/2	95	
Banque Paribas 2008	94 1/2	95	
Banque Paribas 2009	94 1/2	95	
Banque Paribas 2010	94 1/2	95	
Banque Paribas 2011	94 1/2	95	
Banque Paribas 2012	94 1/2	95	
Banque Paribas 2013	94 1/2	95	
Banque Paribas 2014	94 1/2	95	
Banque Paribas 2015	94 1/2	95	
Banque Paribas 2016	94 1/2	95	
Banque Paribas 2017	94 1/2	95	
Banque Paribas 2018	94 1/2	95	
Banque Paribas 2019	94 1/2	95	
Banque Paribas 2020	94 1/2	95	
Banque Paribas 2021	94 1/2	95	
Banque Paribas 2022	94 1/2	95	
Banque Paribas 2023	94 1/2	95	
Banque Paribas 2024	94 1/2	95	
Banque Paribas 2025	94 1/2	95	
Banque Paribas 2026	94 1/2	95	
Banque Paribas 2027	94 1/2	95	
Banque Paribas 2028	94 1/2	95	
Banque Paribas 2029	94 1/2	95	
Banque Paribas 2030	94 1/2	95	
Banque Paribas 2031	94 1/2	95	
Banque Paribas 2032	94 1/2	95	
Banque Paribas 2033	94 1/2	95	
Banque Paribas 2034	94 1/2	95	
Banque Paribas 2035	94 1/2	95	
Banque Paribas 2036	94 1/2	95	
Banque Paribas 2037	94 1/2	95	
Banque Paribas 2038	94 1/2	95	
Banque Paribas 2039	94 1/2	95	
Banque Paribas 2040	94 1/2	95	
Banque Paribas 2041	94 1/2	95	
Banque Paribas 2042	94 1/2	95	
Banque Paribas 2043	94 1/2	95	
Banque Paribas 2044	94 1/2	95	
Banque Paribas 2045	94 1/2	95	
Banque Paribas 2046	94 1/2	95	
Banque Paribas 2047	94 1/2	95	
Banque Paribas 2048	94 1/2	95	
Banque Paribas 2049	94 1/2	95	
Banque Paribas 2050	94 1/2	95	
Banque Paribas 2051	94 1/2	95	
Banque Paribas 2052	94 1/2	95	
Banque Paribas 2053	94 1/2	95	
Banque Paribas 2054	94 1/2	95	
Banque Paribas 2055	94 1/2	95	
Banque Paribas 2056	94 1/2	95	
Banque Paribas 2057	94 1/2	95	
Banque Paribas 2058	94 1/2	95	
Banque Paribas 2059	94 1/2	95	
Banque Paribas 2060	94 1/2	95	
Banque Paribas 2061	94 1/2	95	
Banque Paribas 2062	94 1/2	95	
Banque Paribas 2063	94 1/2	95	
Banque Paribas 2064	94 1/2	95	
Banque Paribas 2065	94 1/2	95	
Banque Paribas 2066	94 1/2	95	
Banque Paribas 2067	94 1/2	95	
Banque Paribas 2068	94 1/2	95	
Banque Paribas 2069	94 1/2	95	
Banque Paribas 2070	94 1/2	95	
Banque Paribas 2071	94 1/2	95	
Banque Paribas 2072	94 1/2	95	
Banque Paribas 2073	94 1/2	95	
Banque Paribas 2074	94 1/2	95	
Banque Paribas 2075	94 1/2	95	
Banque Paribas 2076	94 1/2	95	
Banque Paribas 2077	94 1/2	95	
Banque Paribas 2078	94 1/2	95	
Banque Paribas 2079	94 1/2	95	
Banque Paribas 2080	94 1/2	95	
Banque Paribas 2081	94 1/2	95	
Banque Paribas 2082	94 1/2	95	
Banque Paribas 2083	94 1/2	95	
Banque Paribas 2084	94 1/2	95	
Banque Paribas 2085	94 1/2	95	
Banque Paribas 2086	94 1/2	95	
Banque Paribas 2087	94 1/2	95	
Banque Paribas 2088	94 1/2	95	
Banque Paribas 2089	94 1/2	95	
Banque Paribas 2090	94 1/2	95	
Banque Paribas 2091	94 1/2	95	
Banque Paribas 2092	94 1/2	95	
Banque Paribas 2093	94 1/2	95	
Banque Paribas 2094	94 1/2	95	
Banque Paribas 2095	94 1/2	95	
Banque Paribas 2096	94 1/2	95	
Banque Paribas 2097	94 1/2	95	
Banque Paribas 2098	94 1/2	95	
Banque Paribas 2099	94 1/2	95	
Banque Paribas 2100	94 1/2	95	

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World Banking Corporation S.A. P.O. Box 320, 22, 24 Boulevard Royal, Luxembourg
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CONTINENTAL ILLINOIS LIMITED

11 Moorfields Highway, London EC2Y 9DL, 01-627 6000

مكتبة الأصيل

REYNOLDS AND COMPANY NEWS

RAIAN NEWS

Tarra faces state investigation

By Raymond
SOUTH WALES, Nov. 7. The Tarra, a small town in the south of Wales, is now the focus of a state investigation into the activities of a group of men who are alleged to have been involved in a series of transactions involving the sale of land and the construction of a new town. The investigation is being conducted by the South Wales Police and is expected to continue for some time.

IEL bids for Cuming-Smith

By Raymond
SOUTH WALES, Nov. 7. The International Engineering Ltd (IEL) has made a bid for the Cuming-Smith group, a major player in the construction industry. The bid is valued at £2.5m and is expected to be accepted. The Cuming-Smith group has been involved in a number of high-profile projects, including the construction of the new airport at Cardiff.

TNT denies cash problem

By Raymond
SOUTH WALES, Nov. 7. The TNT group has denied reports that it is facing a cash problem. The group's directors have stated that the company is in a sound financial position and that the reports are unfounded.

SCD in KONG NEWS

ardley defends India spread

By Raymond
HONG KONG, Nov. 7. The Hong Kong and Whampoa Dock Company (HKWD) has defended its decision to spread the India spread. The company's directors have stated that the decision was based on a thorough analysis of the market and that it was in the best interests of the company's shareholders.

arp earns more—releases plans

By Raymond
SOUTH WALES, Nov. 7. The ARP group has announced that it has earned more than expected for the year. The group's directors have also released plans for the future, which include the construction of a new factory and the expansion of the company's operations.

Is there a name for a company

By Raymond
SOUTH WALES, Nov. 7. The Ennia group has announced that it is looking for a name for a new company. The group's directors have stated that they are open to suggestions and that they will consider any name that is suitable for the company's operations.

Den norske Creditbank (Luxembourg) S.A.

By Raymond
SOUTH WALES, Nov. 7. The Den norske Creditbank (Luxembourg) S.A. has announced that it is providing a revolving credit facility for the ARP group. The facility is valued at £40,000,000 and is expected to be used for the construction of a new factory.

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AMSTERDAM

Exchange rate: 24th October 1977 £1 = Dfl. 4.3660

Is there a name for a company

that's 62% life assurance, 32% general insurance, 6% mortgages, hire purchase and property—and 100% keen to get to know you?

Ennia were formed in 1969 from the merger of two long established Dutch insurance companies, the oldest of which was founded in 1859.

And, though we aren't exactly new, it's true to say that the insurance, financial and business worlds probably know less about us than is good for either them or Ennia.

We are, in fact, one of the largest insurance groups in the Netherlands, in terms of gross receipts.

Between 1972 and 1976, total receipts have risen from £190m to £354m, an annual average increase of 17.5%.

Profits have come along nicely too, from £4m to £8m over the same period.

Last year we paid a dividend of £1.51.

Three main activities

We operate internationally in three main areas: life assurance, general insurance and some non-insurance but related fields such as hire-purchase, mortgages, property development,

even holiday centres—where our marketing strength, expertise in investment analysis and property management can be profitably employed.

Life assurance accounted for 62% of our business last year, gross receipts having risen from £135m in 1972 to £219m in 1976.

General insurance produced 32% of our income in 1976 and has increased from £51m to £113m in the past six years. Our general insurance interests are divided between the Netherlands, the U.K., other countries and inward reinsurance.

Non-insurance activities have grown to 6% of our business from £3.7m in 1972 to £21.5m in 1976.

Gathering strength internationally

At the moment, most of our revenue is generated within the Netherlands, a home market that provides, overall, a sound and profitable base.

ennia nv

Balanced growth, internationally.

But our overseas business is developing well.

We have offices, subsidiaries and affiliates in the United Kingdom, Belgium, the United States, the Caribbean, Republic of Surinam and the Middle East.

They already contribute 18% of our total gross receipts, and we plan to increase that percentage.

Overall, Ennia have a record of producing sustained balanced growth at home and overseas to the benefit of both shareholders and policyholders.

If you have an interest in the insurance world—from a business, investment or consumer point of view—you should have information about Ennia on file.

We'll be happy to send you a copy of our Report and Accounts if you contact the Company Secretary, Ennia Insurance Co. (UK) Ltd., 130 Fenchurch Street, London EC3, (Tel: 01-488 3111), or our head office, Ennia nv, Churchillplein 1, The Hague, The Netherlands. Tel: (070) 72 72 72. Telex: 31657.

Index 4 higher after early trade

BY OUR WALL STREET CORRESPONDENT

LAST FRIDAY'S technical rally was taken stage further this morning, although trading was rather slow.

The Dow Jones Industrial Average was 4.16 higher at 814.10 at 1 p.m. The NYSE All-Common Index picked up 22 cents more to \$50.49, while advances outscored losses by better than a two-to-one ratio. Turnover amounted to 1,324,244 shares against 1,458,000 at 1 p.m. last Friday.

Analysts commented that investors remain hesitant amid uncertainties about the Federal Reserve's credit policy.

Closing prices and market reports were not available for this edition.

Among the actives, General Motors were up \$2 at \$84, while the Restaurants were unchanged at \$23.

Thiokol rose \$1 to \$23 and Hoover Ball and Bearing gained \$1 at \$18—the two companies have terminated merger talks.

Columbia Pictures added \$1 at \$18 on speculation that the company's new science fiction film "Close Encounters of the Third Kind" will be a box office success.

The film was shown to critics and general market analysts yesterday.

General Dynamics put on \$1 at \$47 and Beech Aircraft were up a mixed performance.

At \$261 after the two concerns called off acquisition talks. PRICES ALSO pointed higher on the American 52 in moderate trading, the Amex index registering an improvement of 0.48 at 113.36 at 1 p.m. Volume 1,230,000 shares, the same as at 1 p.m. last Friday.

Syntex, the leading active, hardened \$1 to \$18, while Houston Oil and Minerals added \$1 at \$28.

OTHER MARKETS

Canada harder

Canadian Stock Markets tended to harden trading yesterday, although Metals and Minerals were down 8.4 at 12.5 on index, while Golds shed \$1.10 to \$257.0. Oils and Gas put on 2.4 to 124.8. The Toronto Composite Index was just 0.1 up at 975.3.

Page Petroleum jumped 45 cents to \$4.25—the company has an interest in Texas well, which encountered 285, Newcomer \$2.375 to \$3 on Consolidated Gold Fields' plan to acquire Newcomer shares at \$8 each.

Capeland Systems, however, moved 6 cents to 74 cents—HCI plans to offer 77 cents for each Capeland share.

FAIRIS—Stocks were generally higher in a fairly quiet market.

General Dynamics put on \$1 at \$47 and Beech Aircraft were up a mixed performance.

Indices

NEW YORK—DOW JONES

	1971										completion	
	Nov. 4	Nov. 5	Nov. 6	Nov. 7	Oct. 31	Oct. 30	Oct. 29	Oct. 28	Oct. 27	Oct. 26	Oct. 25	
Industrial	806.94	802.67	800.55	806.91	814.48	822.58	826.75 (811)	820.85 (811)	109.17 (111.77)	41.57 (27.48)	—	
Electric	91.68	91.47	91.27	91.87	91.77	91.89	92.87 (91)	92.98 (91)	—	—	—	
Transport	204.37	201.93	203.56	203.94	205.06	205.75	206.41 (199)	198.59 (201.0)	162.69 (172.69)	185.65 (185.65)	—	
Utilities	107.78	107.38	107.46	108.58	108.94	109.40	109.47 (107.7)	109.47 (107.7)	—	—	—	
Trucking vol. 000's:	21,700	14,000	20,750	17,170	17,070	18,050	—	—	—	—	—	

STOCK EXCHANGE REPORT

Firemen's strike decision reverses earlier firm trend
Index up 4.2 at 480.4 after 487.7—Gilts lose gains to 3/4

Account Dealing Date
Option
First Declared Last Account
Dealing Date
Dealing Day
Oct. 17 Oct. 27 Oct. 28 Nov. 8
Nov. 11 Nov. 10 Nov. 11 Nov. 22
Nov. 14 Nov. 24 Nov. 25 Dec. 6

Afternoon reports yesterday of the firemen's decision to strike from next Monday in support of a 30 per cent. pay claim added to the worries about labour unrest which were largely responsible for the recent sharp setback in stock markets. Following ten successive days' falls, a relatively sharp rally in the closing hours of yesterday's session saw the FT-100 index rise 4.2 points to 480.4, after 487.7. The index had fallen 1.5 points to 486.2 the previous day.

The technical nature of the moves in equities was clearly seen in the fairly big price gains recorded by the early afternoon rally, a rather limited range of official markings totalled 5.177, the lowest for a fortnight and comparing with 5.631 last Friday and with 5.083 on Monday of last week. Neither the rise nor the subsequent downturn was accompanied by much genuine business, the movements mostly reflecting jobbers' markings and short-term speculative operations.

After having dropped 45.6 in the previous fortnight, the FT 30-share index shot up by 11.5 by noon, the rise was more than halved by 3 p.m. and further slight eases left the closing level up a net 4.2 at 480.4. Rises still outnumbered falls by the close, the ratio being 5.2 in FT-quoted equities, but the range of price movements in the leaders showed the thinness of the market. Beecham ended 8 up at 835p, after 835p, with GEC closing 2 harder at 255p, after 264p. ICI still held back by uncertainty about the third-quarter figures due to be announced during the next Account, shed a penny more to 361p, after 360p, while Lucas reached 304p before reacting after the profit figures to end 10 down on the day at 283p.

The FT-Actuaries three main indices ended with gains limited to 1.2 per cent. with the All-Share 1.1 per cent. harder at 208.29, while comment on some easing in the Building Industry's recession left gains of more than 2 per cent. in the Building Materials and Contracting sub-sections.

Gilts sensitive

With market conditions still very thin and sensitive in the wake of recent developments on the labour front, what looked like being a promising rally in British

Funds soon petered out yesterday when it became known that the firemen had voted in favour of an official strike from next Monday. Helped initially by an improvement in sterling, long-dated stocks were showing gains of around 3, but gradually drifted back to close without alteration. Short-dated issues followed a similar pattern, but managed to hold on to some of the earlier improvement in places and closed with rises of 1/2, after having been up by around 1. The whole sale price index appeared to be well received but had no impact on the market. Corporations lost ground on a broad front, but in recently-issued Fixed Interest stocks, Industrial and Commercial Finance, 113 per cent. 1990, were supported at 321, up 1, while the 11 per cent. 1988, improved 1/2 to 301.

A quiet day in the investment currency market saw some offerings on arbitrage account and the premium slipped to 96 1/2 per cent. before institutional support left the rate at 97 per cent. for the day's SE conversion factor was 0.7289 (0.7290).

Banks better

Apart from Barclays which softened a penny to 307p, the major clearing Banks were inclined harder. Lloyds and Midland closed 1/2 higher at 245p and 340p respectively. Discounts closed mainly firm with Union 3 better at 435p and Cater Ryder 3 to the good at 235p. Minister Asset hardened a penny to 32p in front of today's interim results but Arbutnot Latham weakened 3 to 155p. Encouraged by the September Hire Purchase figures, Lloyds and Scottish added 4 at 112p and UDT rose 3 to 44p.

Insurances closed well below the best in places. Royals touched 412p but ended only 3 better at 409p. Brokers fared better with Minet 8 up at 184p and Seawork 7 higher at 307p. C. E. Heath hardened a penny to 220p, after 224p, the half-yearly figures are due to-day. Pearl rose 8 to 235p among Life better at 851p in front of today's interim report.

A mixed Press on the industry's prospects resulted in a reasonable two-way business in Breweries which closed with modest gains. Whitbread A was marginally better at 851p in front of today's interim report.

Buildings began the week on a brighter note with sentiment helped by an encouraging survey on the industry from The National Federation of Building Trades Employers. Contracting and construction shares did well with Richard Costain notable for a recovery of 10 to 284p, after 288p. Elsewhere, Barratt Developments

rose 6 to 104p. AP Cement ended 3 better at 283p, after 288p. By way of contrast, Tyson (Contractors) shed 3 to 28p following the poor results.

Weak of late with the general trend and on Press suggestions that the third-quarter profits, which are due on November 24, will prove disappointing, ICI started well yesterday and quickly improved to 366p before ending a penny easier on balance at 361p. Elsewhere in Chemicals, Fisons touched 385p on favourable Press before closing only 3 higher at 378p. International Palat was 3 dearer at 33p; the interim results are due on November 17.

Among quietly firm Television

Dewhurst gained 5 to 80p and James Walker picked up 5 to 86p.

A modest technical rally by the Engineering majors left GKN with a gain of 8 at 275p and Tubes 6 dearer at 82p, while Jockers rose 5 to the good at 183p. John Brown ended 3 harder at 221p. Elsewhere, Simon added 8 to 208p in response to news that a subsidiary had been awarded Russian contracts worth 87m. T. W. Ward gained 2 1/2 to 55p after Press comment and Samuel Osborn added 3 to 33p for similar reason. Casper-Neill improved 3 to 68p following the interim results, while revised speculative interest lifted Tecalemit 3 to 79p and Mining Supplies 4 to 76p.

Lucas Industries

Lucas Industries became an

erratic order, having improved to 304p in front of the preliminary statement, the shares closed 10 cheaper on balance at 283p following profit figures which failed to reach the market's best estimates. Other Motors and Distributors made modest headway. Group Lotus featured with a rise of 6 to 48p in a thin market. Higher interim figures lifted Alford Streamlines 2 to 88p. KRF, at 115p, regained 3 of Friday's fall of 13, while Press comment was reflected in Kwik-Fit, 4 up at 96p. Associated Engineering, 6 higher at 130p.

Percy Lane did well with a rise of 6 to 56p and other improvements of around 3 were seen in Acrow A at 88p, Adwest at 223p and Howden at 63p. Recovery hopes helped Brunway, at 26p, pick up 3 of last Friday's fall of 7. Among Shipbuilders, Swan Hunter rose 9 to 157p, after 158p, on the annual report.

Beecham below best

Press comment ahead of

tomorrow's interim figures directed attention to J. Sainsbury, which improved 5 to 232p. Park Farms, at 325p, recovered 10 of last week's sharp fall as interest in the revival in front of Thursday's half-yearly report. Nurdin and Peacock revived with a rise of 4 to 107p. Following last week's weakness on the fund-raising plans, Kwik-Save Discounts were quoted ex the rights at 236p, up 8, with the new nil-paid shares opening at 16p premium and closing at 24p premium, after 26p premium, following a light trade.

Hotels and Caterers closed with scattered gains. Grand Metropolitan finished 14 harder at 94p, after 86p, while De Vere 158p and Ladbrooke, 185p, put on 4 apiece. Speculative interest lifted Adda International 2 1/2 to 35p, while small buying left OCR Investments 2 harder at 91p.

Decca rally

Decca issues, weak recently on

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OFFSHORE AND OVERSEAS FUNDS

[illegible]

Abbeey Life Assurance Co. Ltd.			Credit & Commerce Insurance			W & G Group			Scottish Widows' Group		
13 St. Paul's Churchyard, L14	01-2389111		120, Recent St. London W1R 5EP	01-430-7001		Hill EUR 680 01-628 4588			PO Box 802, Edinburgh EH16 5SL	011-655-0000	
Equity Fund	17.8	31.8	Managed Pct.	50.58	50.34	Pers Pension	115	191.2	Inv Pct Series 1	286.6	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Comp Deposit	125.8	132.2	Inv Pct Series 2	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 3	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 4	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 5	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 6	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 7	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 8	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 9	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 10	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 11	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 12	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 13	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 14	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 15	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 16	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 17	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 18	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 19	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 20	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 21	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 22	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 23	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 24	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 25	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 26	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 27	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 28	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 29	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 30	108.7	98.4 -4.9
Property Fund	13.3	141.9	Managed Pct.	50.58	50.34	Family Pension	125.8	132.2	Inv Pct Series 31	108.7	9

N. Bank	6 1/2	■ HRI Sampel	5 3/4
Irish Bank Ltd.	6 1/2	■ C. Hoare & Co.	6 1/2
ican Express Bk.	6 1/2	Julian S. Hodge	7 1/2
Bank	6 1/2	Hongkong & Shanghai	6 1/2
Bank Ltd.	6 1/2	Industrial Bk. of Scot.	6 1/2
Ansbacher	6 1/2	Keyser Ulmann	6 1/2
o de Bilbao	6 1/2	Knowles & Co. Ltd.	6 1/2
of Credit & Com.	6 1/2	London Bank	6 1/2
of N.W.	6 1/2	London & European	6 1/2
ue Belge Ltd.	6 1/2	London Mercantile	6 1/2
ue du Rhone	6 1/2	Midland Bank	6 1/2
ays Bank	6 1/2	■ Sampel Montagu	6 1/2
ett Christie Ltd.	6 1/2	■ Morgan Grenfell	6 1/2
nt Holdings Ltd.	6 1/2	National Westminster	6 1/2
Bank of Mid. East	6 1/2	Norwich General Trust	6 1/2
N Shipley	6 1/2	P. & F. Collyer	6 1/2
da Permanent Aft.	6 1/2	Rossmitten Acceptors	6 1/2
of C & C.Fm. Ltd.	6 1/2	Royal Bk Canada Trust	6 1/2
or Ltd.	6 1/2	Schlesinger Limited	7 1/2
r Holdings	6 1/2	E. S. Schwab	7 1/2
erhouse Japhet	6 1/2	Security Trust Co. Ltd.	7 1/2
Costes	6 1/2	Shenley Trust Co.	6 1/2
olidated Credits	6 1/2	Shenley Charterers	6 1/2
Bank	6 1/2	Trade Dev. Bank	6 1/2
itain Securities	6 1/2	Trustee Savings Bank	6 1/2
t Lyonsais	6 1/2	Twentieth Century Bk.	7 1/2
an Lawrie	6 1/2	United Bank of Kuwait	6 1/2
Trust	6 1/2	Whiteaway Ltd.	6 1/2
ish Tragnent	6 1/2	Williams & Glyn's	6 1/2
London Sec.	6 1/2	Yorkshire Bank	6 1/2
ny Corp.	6 1/2	■ Months of the Accepting House	
Nat. Secs. Ltd.	7 1/2	■ Months:	
ny Gibbs	6 1/2	7-day deposits 3% 1-month deposits	3 1/2%
e Durrant Trust	6 1/2	1-day deposits on sums of £250	3 1/2%
onal Guaranty	6 1/2	and over 3 1/2% 4 1/2%	
lays Bank	6 1/2	Call deposits over £1,000 3 1/2%	
ness Mahon	6 1/2	■ Demand deposits to Sterling	

phone
01 246 8026
every hour.

Prices do not include 5% premium, except where indicated; * and are in price unless otherwise indicated. Yields % shown in last column allow for all buying expenses. Offered prices include all expenses. † Today's price. ‡ Yield based on offer price. § Yield based on today's opening price. ¶ Distribution of 1 of 10 shares. † Per cent premium in liquidation. ‡ Single premium insurance plan. § Offered price includes all expenses except commission. ¶ Offered price includes all expenses if bought through manager. † Previous day's price. ‡ Net of last available capital gain. § Net of last available capital gain. ¶ Superfund before Jersey tax. † Ex-subdivision.

**FT SHARE INFORMATION SERVICE**

HOTELS—Continued

****BRITISH FUNDS**

"Shorts" (Lives up to Five Years)

[illegible]

AMERICANS—Continued

Low	Stock	\$	Div. Gross
171	W. F. Y. Corp. 55	185	\$1.00
172	Republic 55	120	.80
173	156	100	.90
174	156	100	.90
175	156	100	.90
176	156	100	.90
177	156	100	.90
178	156	100	.90
179	156	100	.90
180	156	100	.90
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183	156	100	.90
184	156	100	.90
185	156	100	.90
186	156	100	.90
187	156	100	.90
188	156	100	.90
189	156	100	.90
190	156	100	.90
191	156	100	.90
192	156	100	.90
193	156	100	.90
194	156	100	.90
195	156	100	.90
196	156	100	.90
197	156	100	.90
198	156	100	.90
199	156	100	.90
200	156	100	.90

Conversion factor 0.7289 (0.720

BUILDING INDUSTRY—Cont.

[illegible]

DRAPERY AND STORES—Cont

[illegible]

ENGINEERING—Continued

[illegible]

INDUSTRIALS

(Miscel.)				
76	AAR Reports	86	77	15.5
77	Aaronson Item	66	77	21.09
78	Abbey Laid	66	77	2.98
79	Abrahamson In/In/In	66	77	0.57
80	Africa Index	66	77	0.57
81	Africa Index	66	77	0.57
82	Africa Index	66	77	0.57
83	Africa Index	66	77	0.57
84	Africa Index	66	77	0.57
85	Alpine Hikes, pp.	31	57	2.74
86	Alpine Hikes, pp.	31	57	2.74
87	Alpine Hikes, pp.	31	57	2.74
88	Alpine Hikes, pp.	31	57	2.74
89	Alpine Hikes, pp.	31	57	2.74
90	Alpine Hikes, pp.	31	57	2.74
91	Alpine Hikes, pp.	31	57	2.74
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95	Alpine Hikes, pp.	31	57	2.74
96	Alpine Hikes, pp.	31	57	2.74
97	Alpine Hikes, pp.	31	57	2.74
98	Alpine Hikes, pp.	31	57	2.74
99	Alpine Hikes, pp.	31	57	2.74
100	Alpine Hikes, pp.	31	57	2.74
101	Alpine Hikes, pp.	31	57	2.74
102	Alpine Hikes, pp.	31	57	2.74
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113	Alpine Hikes, pp.	31	57	2.74
114	Alpine Hikes, pp.	31	57	2.74
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168	Alpine Hikes, pp.	31	57	2.74
169	Alpine Hikes, pp.	31	57	2.74
170	Alpine Hikes, pp.	31	57	2.74
171	Alpine Hikes, pp.	31	57	2.74
172	Alpine Hikes, pp.	31	57	2.74
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194	Alpine Hikes, pp.	31	57	2.74
195	Alpine Hikes, pp.	31	57	2.74
196	Alpine Hikes, pp.	31	57	2.74
197	Alpine Hikes, pp.	31	57	2.74
198	Alpine Hikes, pp.	31	57	2.74
199	Alpine Hikes, pp.	31	57	2.74
200	Alpine Hikes, pp.	31	57	2.74

CANADIANS

Stock	£	+
Antreal S2	11 1/2	11 1/2
own Scotia S1	12 1/2	12 1/2
Canada S2	36 1/2	36 1/2
Valley	12 1/2	12 1/2
and	940	940
imp. Bk. S2	15 1/2	15 1/2
astic S2	11 1/2	11 1/2
Price Deb. E100	37	37
IO Can. I	17 1/2	17 1/2
er Sid. Can. I	360	360
nger S3	201 1/2	201 1/2
on's Bay I	10 1/2	10 1/2
E.O.I.G. S32	24 1/2	24 1/2
trial Oil I	12 1/2	12 1/2
	12 1/2	12 1/2
at. Gns S1	740	740
ery Perg. I	12 1/2	12 1/2
ic Pet. S1	23 1/2	23 1/2
Gns S1	47 1/2	47 1/2
Algom	17 1/2	17 1/2
nt Bk. Can. S2	15 1/2	15 1/2
ram Co. S31	25 1/2	25 1/2
Dom. Bk. I	10 1/2	10 1/2
Can. Pipe S32	14 1/2	14 1/2

BANKS AND HIRE PURCHASE

[illegible]

ELECTRICAL AND RADIO

[illegible]

CHEMICALS, PLASTICS

[illegible]

ENGINEERING

MACHINE TOOLS			
CF Machinery	95	.....	3.08
P.V. 50p	197K	-3	h5.2
Conv/Eng'rs	102	+2	2.28
Joe A	226	.....	2.28
West Group	226	+5	F10.0
Auto Spec Corp	2109K	.....	9.00
Allen E. Ruffour	57	+1	4.40
Allen G. W.	58	.....	2.82
Allen G. W.	150K	+2	15.2
Anderson, Selye	49	.....	2.57
Anglo-Swiss	37	-1	.....
Kay & Lacy	111	-1	td6.03
Ass. British 12-p.	5	.....	8
Assoc. Tooling	26	.....	2.3
Autra Ltd 10p	17	.....	1.01
Autra Hds.	80	.....	15.2
Austin (James)	98	+2	5.3
Avery	151	+1	15.28
			45.25

FOOD, GROCERIES, ETC.

[illegible]

CINEMAS, THEATRES AND TV

4712	Amelia TV	77	+3	163.5	801	3.6	7.5
4713	Asa Tell TV	99	+	165.3	323	10.0	6.7
18	Grampian TV 10p	31	-	2.00	23	4.8	6.7
33	Green Group 10p	17	-	Q4	23.5	2.5	6.5
37	H&W Mid Wyd. 10p	16	-				6.5
41	ITV	93	-1	86.6	21	10.8	6.5
49	LWT	103	-4	86.09	26	9.1	6.5
55	Brdd TV 7pm 10p	75	-	6.94	19.9	12.0	6.5
56	Secnt. TV 10p	52	+12	12.14	55	6.7	6.5
31	Thndr TV 10p	55	-40	62.79	2.6	11.9	6.5
35	Islst R TV 10p	52	-2	1.52	1.5	8.5	6.5
15	Westward TV 10p	27	+12	1.52	1.5	8.5	6.5

DRAPERY AND STORES

[illegible]

**BUILDING INDUSTRY, TIME
AND ROADS**

[illegible]

FOREIGN BONDS & RAILS

1977 Low	Stock	Price £	+ or -	Grass Gross
15	Antelopeia Rly	19½		
32	Uc. Spe. Pres.	35		B
195	Chilean Mixed	290		
196	German Vw. 4pc	530	+10	
50	Swiss 4pc	50		
50	Dodge 28.50 A/c	53		
38	Dodge Mixed A/c	50		
32	Hung. 4pc	42		
48	Japan Vw. 75-80	77		
69½	Ireland Ford 71-83	82		
65	Dodge Vw. 86	80		
228	Japan Vw. 86	285		
63	Spain Vw. 86	73½		
150	Perru A/c 1989	160		
75	S. E. 1.9pc 1989	528		
32	Toyota 1987	50		
DM77	Turner 6pc 1984	DM82		
64	Cruzeiro 9pc	91	+3	

U.S. \$ & DM prices exclude inv. & pro.

1977 high low	Stock	£	¢	Dn Gr
13	ASA	166½	1	21
25	AMEX 3% Conv 37	25	1	21
25	Azan 51	25	1	21
25	American Express	274	1	21
90 1p	Amer. Sledge 1st	25	1	21
25	Baker Int'l 30	33½	1	21
12	Burnes Corp 50p	1½	1	21
12	Bed & Flower 1st	26½	1	21
12	Bell 1st	15½	1	21
12	Red. Steel 58	15½	1	21
620p	Brown & Fie. 1st	956p	6	21
25	Bull 1st	49	1	21
47	Burroughs Corp. 55	39	1	21
35	C.P. 50	35	1	21
25	Carborundum 51	35½	1	21
25	Caterpillar	21½	1	21
25	Chrysler 50	15½	1	21
15	Chrysebrook 51	17½	1	21
10½	Chrysler 50	17½	1	21

HOTELS AND CATERING

41	12	Adds Int. 10p.	35	-2	00.51
50	43	Brent C.J. Fr. 10p.	117	-	012.6
34	2	Brent Walker 3p.	35	-	1.4
43	26	C.C.H. Unwrest.	31	+2	
08	70	City Rocks 20p.	204	+2	03.9
78	82	De Vore Rocks	254	-	04.26
42	2	Epicurean 3p.	35	+1	
72	2	Grand Mt. 50p.	043	-	04.28
11	57	Dr. Mope. Cor. 50p.	1108	+32	04.7
119	166	Bursual (Dr. 25c)	166	-	04.07
283	9	Ludorobe 10p.	185	+4	05.5
63	26	Leistore Gen. 10p.	60	-1	1.25

مكزامن الأحول

AUSTRALASIA-Continued

Stock	Price	Change	Stock	Price	Change
ANZ Banking Corp	10.50	+0.10	Qantas Airways	12.50	+0.10
Commonwealth Bank	10.50	+0.10	Woolworths	12.50	+0.10
Macquarie Bank	10.50	+0.10	Woolworths	12.50	+0.10
Westpac Banking	10.50	+0.10	Woolworths	12.50	+0.10
ANZ Banking Corp	10.50	+0.10	Qantas Airways	12.50	+0.10
Commonwealth Bank	10.50	+0.10	Woolworths	12.50	+0.10
Macquarie Bank	10.50	+0.10	Woolworths	12.50	+0.10
Westpac Banking	10.50	+0.10	Woolworths	12.50	+0.10

INSURANCE-Continued

Stock	Price	Change	Stock	Price	Change
ANZ Insurance	10.50	+0.10	Qantas Insurance	12.50	+0.10
Commonwealth Insurance	10.50	+0.10	Woolworths Insurance	12.50	+0.10
Macquarie Insurance	10.50	+0.10	Woolworths Insurance	12.50	+0.10
Westpac Insurance	10.50	+0.10	Woolworths Insurance	12.50	+0.10

PROPERTY-Continued

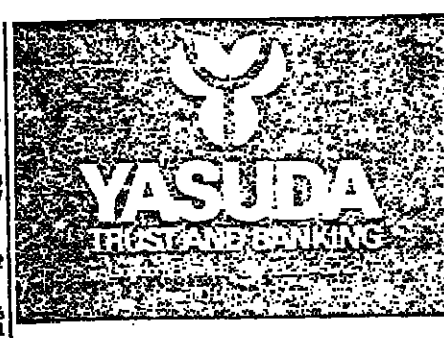
Stock	Price	Change	Stock	Price	Change
ANZ Property	10.50	+0.10	Qantas Property	12.50	+0.10
Commonwealth Property	10.50	+0.10	Woolworths Property	12.50	+0.10
Macquarie Property	10.50	+0.10	Woolworths Property	12.50	+0.10
Westpac Property	10.50	+0.10	Woolworths Property	12.50	+0.10

INV. TRUSTS-Continued

Stock	Price	Change	Stock	Price	Change
ANZ Investment	10.50	+0.10	Qantas Investment	12.50	+0.10
Commonwealth Investment	10.50	+0.10	Woolworths Investment	12.50	+0.10
Macquarie Investment	10.50	+0.10	Woolworths Investment	12.50	+0.10
Westpac Investment	10.50	+0.10	Woolworths Investment	12.50	+0.10

FINANCE, LAND-Continued

Stock	Price	Change	Stock	Price	Change
ANZ Finance	10.50	+0.10	Qantas Finance	12.50	+0.10
Commonwealth Finance	10.50	+0.10	Woolworths Finance	12.50	+0.10
Macquarie Finance	10.50	+0.10	Woolworths Finance	12.50	+0.10
Westpac Finance	10.50	+0.10	Woolworths Finance	12.50	+0.10



MINES-Continued

Stock	Price	Change	Stock	Price	Change
ANZ Mines	10.50	+0.10	Qantas Mines	12.50	+0.10
Commonwealth Mines	10.50	+0.10	Woolworths Mines	12.50	+0.10
Macquarie Mines	10.50	+0.10	Woolworths Mines	12.50	+0.10
Westpac Mines	10.50	+0.10	Woolworths Mines	12.50	+0.10

AUSTRALIAN

Stock	Price	Change	Stock	Price	Change
ANZ Australia	10.50	+0.10	Qantas Australia	12.50	+0.10
Commonwealth Australia	10.50	+0.10	Woolworths Australia	12.50	+0.10
Macquarie Australia	10.50	+0.10	Woolworths Australia	12.50	+0.10
Westpac Australia	10.50	+0.10	Woolworths Australia	12.50	+0.10

TENS

Stock	Price	Change	Stock	Price	Change
ANZ Tens	10.50	+0.10	Qantas Tens	12.50	+0.10
Commonwealth Tens	10.50	+0.10	Woolworths Tens	12.50	+0.10
Macquarie Tens	10.50	+0.10	Woolworths Tens	12.50	+0.10
Westpac Tens	10.50	+0.10	Woolworths Tens	12.50	+0.10

COPPER

Stock	Price	Change	Stock	Price	Change
ANZ Copper	10.50	+0.10	Qantas Copper	12.50	+0.10
Commonwealth Copper	10.50	+0.10	Woolworths Copper	12.50	+0.10
Macquarie Copper	10.50	+0.10	Woolworths Copper	12.50	+0.10
Westpac Copper	10.50	+0.10	Woolworths Copper	12.50	+0.10

MISCELLANEOUS

Stock	Price	Change	Stock	Price	Change
ANZ Misc	10.50	+0.10	Qantas Misc	12.50	+0.10
Commonwealth Misc	10.50	+0.10	Woolworths Misc	12.50	+0.10
Macquarie Misc	10.50	+0.10	Woolworths Misc	12.50	+0.10
Westpac Misc	10.50	+0.10	Woolworths Misc	12.50	+0.10

NOTES

Notes on the financial markets, including interest rates and currency movements.

INSURANCE

Stock	Price	Change	Stock	Price	Change
ANZ Insurance	10.50	+0.10	Qantas Insurance	12.50	+0.10
Commonwealth Insurance	10.50	+0.10	Woolworths Insurance	12.50	+0.10
Macquarie Insurance	10.50	+0.10	Woolworths Insurance	12.50	+0.10
Westpac Insurance	10.50	+0.10	Woolworths Insurance	12.50	+0.10

MOTORS, AIRCRAFT TRADES

Stock	Price	Change	Stock	Price	Change
ANZ Motors	10.50	+0.10	Qantas Motors	12.50	+0.10
Commonwealth Motors	10.50	+0.10	Woolworths Motors	12.50	+0.10
Macquarie Motors	10.50	+0.10	Woolworths Motors	12.50	+0.10
Westpac Motors	10.50	+0.10	Woolworths Motors	12.50	+0.10

SHIPPING

Stock	Price	Change	Stock	Price	Change
ANZ Shipping	10.50	+0.10	Qantas Shipping	12.50	+0.10
Commonwealth Shipping	10.50	+0.10	Woolworths Shipping	12.50	+0.10
Macquarie Shipping	10.50	+0.10	Woolworths Shipping	12.50	+0.10
Westpac Shipping	10.50	+0.10	Woolworths Shipping	12.50	+0.10

SHOES AND LEATHER

Stock	Price	Change	Stock	Price	Change
ANZ Shoes	10.50	+0.10	Qantas Shoes	12.50	+0.10
Commonwealth Shoes	10.50	+0.10	Woolworths Shoes	12.50	+0.10
Macquarie Shoes	10.50	+0.10	Woolworths Shoes	12.50	+0.10
Westpac Shoes	10.50	+0.10	Woolworths Shoes	12.50	+0.10

OVERSEAS TRADERS

Stock	Price	Change	Stock	Price	Change
ANZ Overseas	10.50	+0.10	Qantas Overseas	12.50	+0.10
Commonwealth Overseas	10.50	+0.10	Woolworths Overseas	12.50	+0.10
Macquarie Overseas	10.50	+0.10	Woolworths Overseas	12.50	+0.10
Westpac Overseas	10.50	+0.10	Woolworths Overseas	12.50	+0.10

TEAS

Stock	Price	Change	Stock	Price	Change
ANZ Teas	10.50	+0.10	Qantas Teas	12.50	+0.10
Commonwealth Teas	10.50	+0.10	Woolworths Teas	12.50	+0.10
Macquarie Teas	10.50	+0.10	Woolworths Teas	12.50	+0.10
Westpac Teas	10.50	+0.10	Woolworths Teas	12.50	+0.10

PROPERTY

Stock	Price	Change	Stock	Price	Change
ANZ Property	10.50	+0.10	Qantas Property	12.50	+0.10
Commonwealth Property	10.50	+0.10	Woolworths Property	12.50	+0.10
Macquarie Property	10.50	+0.10	Woolworths Property	12.50	+0.10
Westpac Property	10.50	+0.10	Woolworths Property	12.50	+0.10

TOBACCO

Stock	Price	Change	Stock	Price	Change
ANZ Tobacco	10.50	+0.10	Qantas Tobacco	12.50	+0.10
Commonwealth Tobacco	10.50	+0.10	Woolworths Tobacco	12.50	+0.10
Macquarie Tobacco	10.50	+0.10	Woolworths Tobacco	12.50	+0.10
Westpac Tobacco	10.50	+0.10	Woolworths Tobacco	12.50	+0.10

TRUSTS, FINANCE, LAND

Stock	Price	Change	Stock	Price	Change
ANZ Trusts	10.50	+0.10	Qantas Trusts	12.50	+0.10
Commonwealth Trusts	10.50	+0.10	Woolworths Trusts	12.50	+0.10
Macquarie Trusts	10.50	+0.10	Woolworths Trusts	12.50	+0.10
Westpac Trusts	10.50	+0.10	Woolworths Trusts	12.50	+0.10

FINANCE, LAND

Stock	Price	Change	Stock	Price	Change
ANZ Finance	10.50	+0.10	Qantas Finance	12.50	+0.10
Commonwealth Finance	10.50	+0.10	Woolworths Finance	12.50	+0.10
Macquarie Finance	10.50	+0.10	Woolworths Finance	12.50	+0.10
Westpac Finance	10.50	+0.10	Woolworths Finance	12.50	+0.10

DIAMOND AND PLATINUM

Stock	Price	Change	Stock	Price	Change
ANZ Diamonds	10.50	+0.10	Qantas Diamonds	12.50	+0.10
Commonwealth Diamonds	10.50	+0.10	Woolworths Diamonds	12.50	+0.10
Macquarie Diamonds	10.50	+0.10	Woolworths Diamonds	12.50	+0.10
Westpac Diamonds	10.50	+0.10	Woolworths Diamonds	12.50	+0.10

REGIONAL MARKETS

Stock	Price	Change	Stock	Price	Change
ANZ Regional	10.50	+0.10	Qantas Regional	12.50	+0.10
Commonwealth Regional	10.50	+0.10	Woolworths Regional	12.50	+0.10
Macquarie Regional	10.50	+0.10	Woolworths Regional	12.50	+0.10
Westpac Regional	10.50	+0.10	Woolworths Regional	12.50	+0.10

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£79m. Soviet order for Simon-Carves

BY LYNTON MCLAIN, INDUSTRIAL STAFF

RUBBER processing plant worth £79m. is to be supplied to the Soviet Union by Simon-Carves, the Stockport-based subsidiary of Simon Engineering. This will be one of the biggest sterling credit deals since Mr. Denis Healey, the Chancellor, last December put pressure on exporters to use foreign currency in major contracts.

Two contracts are involved, each at fixed prices without escalation clauses, with the work likely to extend over two years.

The announcement comes when British exports to the Soviet Union are increasing sharply. Another "significant chunk" of the Wilson-Kosygin £950m. credit arrangement of February, 1976, is involved, according to Morgan Grenfell, which is handling finance for Simon-Carves.

With the latest contracts, about £450m. of the £950m. available to finance exports to the Soviet Union has been accounted for.

During the first nine months of 1977 British exports to the Soviet Union were worth £269.9m., 50 per cent. more than the £179m. total for the same period last year.

The latest contracts for auto-

mated rubber mill rooms for two factories at Voronezh and Belaya Tserkov bring the value of Simon-Carves rubber processing plant exported to the Soviet Union since the £20m. Dnepropetrovsk contract was signed in 1957 to £183m.

Each contract is at a totally fixed price according to Mr. Kenneth Coulson, the sales and marketing director of Simon-Carves. He said the Russians had told the company it had to line up with other competitors in Europe, who were prepared from the outset to offer fixed-price terms. To get the business, he said, we had to accept this greater risk.

This approach marks a hardening of Soviet attitudes to major project financing. Simon-Carves previous biggest rubber processing contract with the Russians, the £33m. Nizhnekamsk project on the Kama River, was also a fixed price contract but was subject to escalation clauses, to an upper limit of 10 per cent. of the original value.

Details of the financial arrangements and terms of credit being concluded by Morgan Grenfell, have not been finalised and the financial agreement itself will not be signed for six weeks.

UNCTAD talks hear proposals to bridge gap

BY DAVID HOUSEGO

GENEVA, Nov. 7.

NEGOTIATIONS on the proposed Common Fund to stabilise commodity prices opened here today with a note of warning by Mr. Samani Corea, secretary-general of Unctad, that a setback could inflict "serious damage" on relations between industrialised and developing countries.

It was clear from today's proceedings that a wide gulf separates the two sides but also that at this stage both are anxious to avoid political inactivity.

In an unexpected display of unity the industrialised States for the first time presented their own version of how the fund might work, although the Dutch and Scandinavian feel that insufficient concessions have been made to the Third World, while the Germans and the Japanese are worried that the West has gone too far.

Delegates from over 100 nations are attending the conference, organised under the auspices of Unctad, which is intended to establish the fund as a commodity stabilisation fund. This follows an agreement in principle to establish the fund reached at the end of the North-South dialogue in June.

Mr. Corea said that there was wide recognition that unstable commodity markets and widely fluctuating prices were detrimental to both producers and consumers in the industrialised economies. But any agreement in principle to a common fund had little significance, he said, if views on the shape of the fund were totally at variance.

The opening papers show that there are two major points of difference. The developing nations see the fund as a

dynamic new institution which would link consumers and producers and help restructure world commodity trade. Its financing would be based on Government subscription to ensure universality of membership and be backed by wide borrowing powers.

Buffer stocks

By contrast, the industrialised nations envisage the fund as a banking facility for the mutual assistance of independently organised commodity associations in their buffer stocking operations. Its finance would come from deposits made by the commodity organisations who in turn would have additional borrowing rights based on government guarantees.

The industrialised nations insist that the cornerstone of the system must lie in the commodity organisations being disciplined and not having an open-ended financial access to the fund.

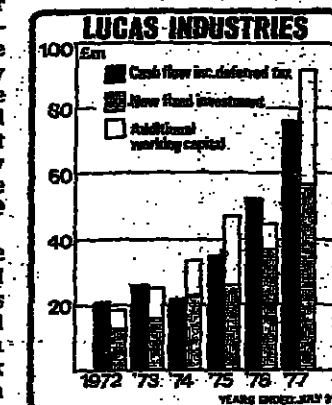
The second major point of difference is that the developing nations want the fund to finance other measures apart from buffer stocking such as market promotion, diversification of products, research and development and improvements in production. In addition, they want the fund to finance activities of other assistance for commodities facing difficulties but not covered by commodity agreements. In this context, they put special weight on the needs of the least developed nations.

The developing nations are totally unacceptable to the West.

THE LEX COLUMN

Diesel power at Lucas

Index rose 4.2 to 480.4



What Lucas can do in a year relatively free of labour troubles is shown by the 38 per cent. improvement in pre-tax profits to £77.5m. in the year ended July. But the momentum was slackening in the second half, when sales grew by 14 per cent. (half the rate of the first six months). And the outlook for the current year will depend heavily on how well Lucas can cope with the rumblings of further trouble from its labour force.

Already the ten-week strike of toolmakers has badly affected performance so far, and it looks as though the first half will show lower profits. Given a clear run, Lucas could get back close to its budgeted levels in the second six months. But the group is still trying to negotiate important Stage Two settlements.

The U.K. motor components operations were responsible for all last year's growth, led by the rapidly expanding diesel side, although the electrical, brake and battery activities all performed strongly too. But aircraft equipment, a laggard for some time, worsened £4.5m. to go slightly into the red, and reorganisation costs this year will make it hard to achieve a substantial recovery in the short term.

Overseas trading profits eased almost £1m. to £21.5m., the chief problem area being Brazil where Lucas was hit by nervous import deposits, just as it was shipping in equipment for a new factory.

Flush with its May 1976 rights money, Lucas spent its way into a cash flow deficit of around £20m. and has plenty of liquid funds in hand to finance another deficit in the current year, when £55m. of capital expenditure is projected on top of £60m. on revenue account. But the actual level of spending may depend on the group's success in getting back in line with its cash flow projections.

At this stage the market is nervously not looking for anything more than £55m. pre-tax for 1977-78, and some of the pessimists see an unimproved outcome. So the shares will probably be a sensitive market for the time being, at 285p. down 10p. yesterday, the historic n/e is just over 7.

At this stage Swan Hunter is saying no more than that it will receive at least the £5.5m. book value for the nationalised assets, which works out at about 46p. share. But the balance sheet at June 30 this year shows net assets of £35m. Allowing up to £10m. working capital plus the other assets needed for the continuing businesses, this would present the possibility of a distribution of £1.5 a share. And the figure could be much higher, depending on how much the company considers it prudent to retain.

Apart from the Board's decision to return funds to shareholders and a statement from the chairman that shares in the new company will be a worthwhile investment which should grow in value over the years, information about the reconstruction is, to say the least, sparse. Shareholders are given no information on when they may expect to receive the cash, nor is there any indication of how the distribution will rank for tax purposes. But it seems likely that most of the share-out should rank for capital gains tax.

Electronic Rentals

For a multinational company the Swan Hunter Group is ignoring the temptation to hold on like Phillips, with annual sales of over £70m. and profits of over £10m. at least £5.5m. of the proceeds—at least £5.5m.

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Many hurt in Grunwick clashes as appeal to Lords opens

BY NICK GARNETT, LABOUR STAFF

SOME OF the most serious violence on the Grunwick picket line in North-West London took place yesterday before the House of Lords began hearing of the case, arising from the National Arbitration Service's recommendation that the Association of Professional, Executive, Clerical and Computer Staff should be recognised by the Grunwick film processing company.

More than 100 people were arrested. Nine policemen were taken to hospital, and scores of pickets injured, as about 8,000 pickets faced 4,000 police, some of whom used riot shields.

Violence at Grunwick and near Willesden Green Police Station after a protest march led to demands for a public inquiry, from both MPs and the strike committee, which claimed that more than ten pickets had bones broken in the fighting.

Mr. Merlyn Rees, the Home Secretary, told the House of Commons that he had total confidence in the way the police dealt with the situation.

Mr. John Farrow, Labour MP for North Cornwall, said in Bournemouth last night that the Government and the TUC should publicly condemn yesterday's picketing. Whatever provocation there had been from the company, it could not justify "senseless mindless hooliganism."

Mr. Jim Marshall, Labour MP for Leicester South, who was on the picket line, said he was appalled by the violence meted out to pickets by police.

Conciliation and Arbitration Service against an Appeal Court ruling which invalidated ACAS's recommendation of union recognition. Mr. Denis Henry, QC, for ACAS, said the future effectiveness of the arbitration service as an advocate of good industrial relations depended on the Law Lords' decision.

If the Law Lords upheld the Appeal Court's decision it would impede the effectiveness with which ACAS could promote improvements in industrial relations.

The 1975 Employment Protection Act specified that ACAS must do "all that was reasonably practicable" to gain the opinions of workers to whom a recognition issue related, and this it had done.

The hearing is expected to take all this week, with a decision within six weeks, plus an appeal has been heard.

Lords hearing, Page 12

£20m. Vauxhall loan from U.S. parent

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

Vauxhall, the U.K. subsidiary of General Motors, is taking up a £20m. loan from its U.S. parent as part of a capital reconstruction scheme designed to help the company with an ambitious programme of expansion in the next few years.

The 10-year, fully subordinated loan will be used partly to replace some of Vauxhall's short-term bank borrowings, which were running at £43m. at the end of last year.

But the company also needs to increase its working capital for its planned expansion next year. In the longer term it is preparing for further investment in new models and facilities.

The announcement of this new financial injection from General Motors comes when Vauxhall's hopes of making a respectable profit this year are being threatened by the strike of its skilled workers.

In the first six months of the year the company made £2m. pre-tax, and seemed to be heading for its first annual profit since 1971. But the prospects of achieving this now depend on an early settlement of the two-week old dispute, which is already costing a week's production.

Despite these problems Vauxhall is pressing ahead with its plans to raise production with double shifts at its two earl assembly plants at Luton and Ellesmere Port.

Output in its Bedford commercial vehicle division is also increasing rapidly, with similar double shifts at its arrangements coming in at the Dunstable plant.

All this extra work can be accommodated in the present plant facilities. But in the next few years Vauxhall will invest heavily in factory improvements and alterations.

These developments will affect both the Vauxhall car range and the truck side there are plans to reorganise the facilities to cope with larger output of the new heavy TM range. On the car side the company is considering a scheme to manufacture the new Opel Rekord range, made by Vauxhall's sister company in Germany.

Cash for Swan Hunter investors

BY JOHN MOORE

SWAN HUNTER will pass to its shareholders some of the cash it will receive from the Government in return for nationalisation of its shipbuilding and marine engineering interests.

According to the group any compensation will not be less than £827m., the amount at which the nationalised subsidiaries are stated in the latest balance-sheet.

In the latest accounts, published yesterday, Sir John Hunter, chairman, says that under a scheme of reconstruction after nationalisation the group will transfer all its remaining trading assets and sufficient cash to provide working capital to a new company.

Shareholders will receive shares in the new company, in exchange for their ordinary shares in the group. Cash representing compensation received for subsidiaries nationalised, and any cash not transferred to the new company, will be paid to shareholders.

A draft of the proposed scheme, meanwhile valuation reports submitted to the Inland Revenue and the scheme has received statutory clearance under provisions of Sections 40 and 41 of the Finance Act, 1977.

But the Board said it would be some months before "substantial" progress had been made in determining the amount of compensation so none of the reconstruction proposals was being sent to shareholders at present.

Meanwhile valuation reports are being prepared in support of the amount of compensation which will be claimed, and discussions are under way with the Government.

Power workers' terms

sonally against the strike but that it was his duty to carry out the conference decision.

The freedom have been offered increases in line with the Government's guidelines, plus an undertaking that their 48-hour working week can be reduced from the end of next year.

Although the local authority employers are restricted to keeping their offer within the 10 per cent. guidelines, talks with the union have not officially broken down and further meetings can be expected this week.

In the Commons Mr. Merlyn Rees, Home Secretary, made it clear that every effort would be made to protect cities as far as possible from fire hazards and to minimise the effects of a strike.

"If the strike comes off, the Government will have no alternative but to use all possible methods to protect people's lives and, if necessary, troops may need to be used," he declared.

In this situation, the Government was quite clear that people's lives and safety would be the paramount consideration.

Ministers admit that an emergency service, run by the armed forces, cannot possibly be as effective as the proper service. Old Civil Defence fire-fighting equipment will have to be brought into emergency use.

Mortgage rate cut unlikely this week

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

A CUT in mortgage rates later this week now seems unlikely, month's total is not likely to be as high as expected.

It had been widely expected that Friday's meeting of the Council of Building Societies, Association would recommend a cut in the present 9.5 per cent. home loan rate, which took effect only a few weeks ago, to about 9 per cent.

It would have been the fourth cut in the cost of home loans during 1977.

Many societies still believe a further reduction in borrowers' and investors' rates is possible, but events of the past 10 days have persuaded most that postponement of any decision would be sensible.

The societies' concern centres on floating of the pound and next month would probably operate on the New Year.

The Building Societies Association said yesterday that societies expected to make a record 750,000 home loans totalling over £6.6bn. during 1977. This exceeds the previous annual record of 715,000 loans worth £6.1bn. in 1976.

An even bigger increase in mortgage loans was promised, expected, with a total for the year of 785,000, compared with 704,000 last year.

The association said it expected house prices to begin to increase "a little faster" as a consequence of lower mortgage rates and improving confidence, but that the conditions still did not exist for any house price "explosion."

Weather

U.K. TO-DAY			
SHOWERS with bright or sunny intervals in all areas. Temperatures near normal.			
London, S.E.	12-15	Cent.	50-55
Southern, Cent. Northern, E. and N.E. England, E. Anglia, E. and W. Midlands, Channel Is.	12-15	Cent.	50-55
Scattered showers. Wind south-westerly, fresh or strong. Max. 13-14C (55-57F).			
BUSINESS CENTRES			
City	Temp.	Wind	Clouds
Amsdam	12-15	SW	10-20
Algeria	18-22	SW	10-20
Bahran	25-30	SW	10-20
Barcelona	18-22	SW	10-20
Bombay	28-32	SW	10-20
Buenos Aires	18-22	SW	10-20
Calcutta	28-32	SW	10-20
Cairo	25-30	SW	10-20
Cardiff	12-15	SW	10-20
Chennai	28-32	SW	10-20
Cologne	12-15	SW	10-20
Copenhagen	12-15	SW	10-20
Dublin	12-15	SW	10-20
Edinburgh	12-15	SW	10-20
Frankfurt	12-15	SW	10-20
Glasgow	12-15	SW	10-20
Hamburg	12-15	SW	10-20
Heidelberg	12-15	SW	10-20
London	12-15	SW	10-20
Luxembourg	12-15	SW	10-20

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● Facts on housing and amenities	● Facts on housing and amenities
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● Facts on Government grants	● Facts on Government grants
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